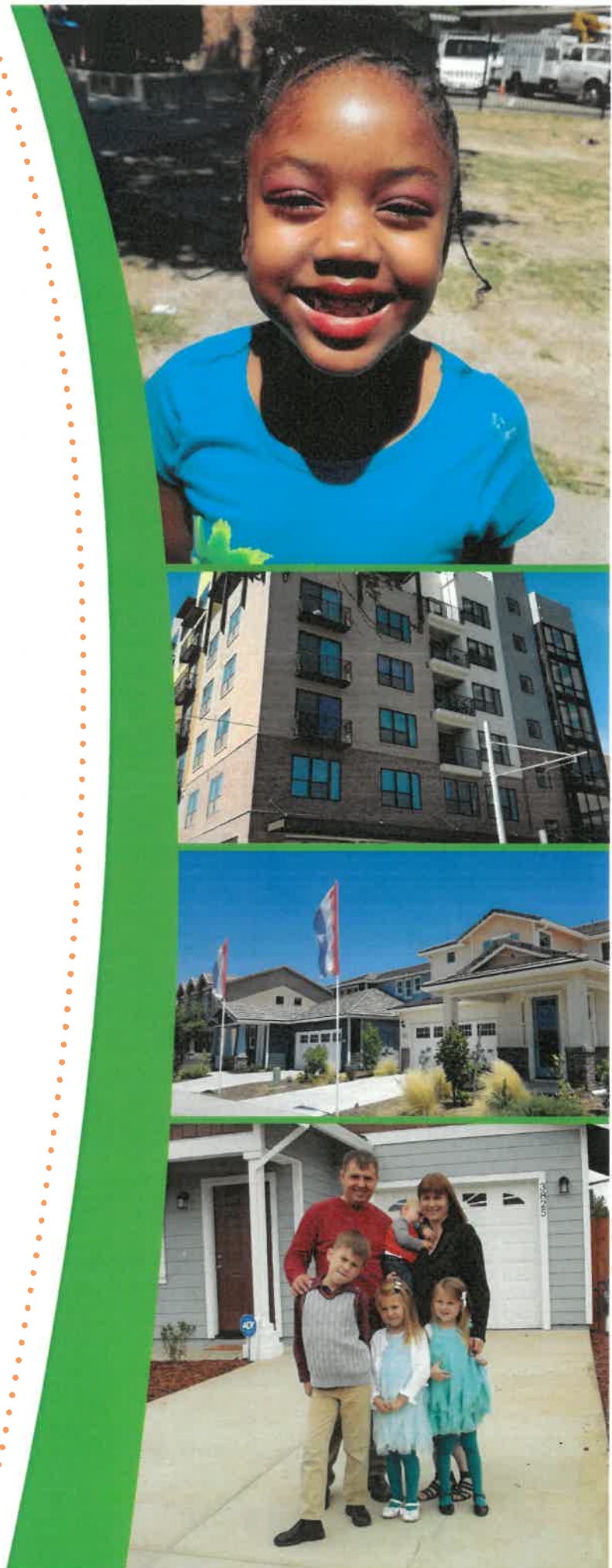




SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY

2021 PROPOSED BUDGET



SHRA 2021 Proposed Budget

Submitted to:

Sacramento City Council

Sacramento County Board of Supervisors

Housing Authority of the City of Sacramento

Housing Authority of the County of Sacramento

Sacramento Housing and Redevelopment Commission

**By
La Shelle Dozier
Executive Director**

SHRA 2021 Proposed Budget

ACKNOWLEDGMENT

**Prepared by the Sacramento Housing and Redevelopment Agency
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General

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1 - GENERAL

Transmittal Letter

July 28, 2020

City Council, City Housing Authority,
Board of Supervisors and County Housing Authority

Honorable Members in Session:

Today, I present to you the Sacramento Housing and Redevelopment Agency's proposed budget for 2021. This budget document provides an overview of revenues and expenses for the Agency in the coming year.

Due to the Coronavirus (COVID-19) pandemic and Public Health emergency, the Agency received an unprecedented amount of funding made available for utilization in the 2020 fiscal year. The Agency is focused on using this funding to further the Agency goal of protecting core services to the greatest extent possible with delivery of housing programs and public services. Therefore, the Agency felt it was appropriate to present a roll forward budget for 2021; which adopts the appropriations, revenues and use of fund balances as recommended and approved for the 2020, with few exceptions.

The 2021 Proposed Budget recommends total expenses of \$214 million and is comprised of the Housing Assistance Payments (HAP) Budget of \$109.1 million; the Operating Budget of \$48.2 million; the Capital Projects Budget of \$48 million; the Public Services Budget of \$5.1 million; and the Debt Service and Financial Transactions Budget of \$3.6 million. The 2021 proposed budget represents a \$2.1 million or 1.1% increase in net appropriations in comparison with the prior year's budget. This change in annual budget appropriations is the result of increases in salaries, benefits and PERS obligations as well as any changes in FTE's that were approved throughout the year.

SHRA's funding sources are independent of the City or County's General Fund. In addition, over eighty percent of the Agency's funding originates from federal appropriations allocated to the Department of Housing and Urban Development (HUD). Given the aforementioned factors, the Agency is comfortable utilizing the 2020 appropriations for the 2021 budget.

1 - GENERAL

As with previous year's budgets, the 2021 budget remains consistent and centers on conveying the Mission, Vision & Goals of the Organization by:

1

Continuing to maximize leasing of vouchers in the HCV program

- There are over 13,000 vouchers authorized for leasing each month and the HCV program strives to maintain a leasing level between 98-100%.
- The focus of the voucher program in 2020 will be to serve families off of our waiting lists as well as house homeless individuals and families.

2

Continuing to pursue new funding opportunities to decrease reliance on traditional funding sources for the creation and preservation of affordable housing and by;

- The Agency is expecting to receive approximately 81 percent of its funding from the federal government which is an overall decrease from prior year, previously 83%. This decrease is attributed to the agency's participation in the Rental Assistance Demonstration (RAD) program.
- This move will not only preserve low income housing, it will allow private investment funding to address the capital needs of the Agency properties.

3

Continuing to focus on the rehabilitation and repositioning of former Public Housing properties.

- RAD was created to address the nationwide backlog of deferred maintenance needed on public housing properties. Through RAD, public housing units are approved by HUD for disposition from the Public Housing platform and moved to a Project Based Voucher program.
- The Authority will be working through SHRA's nonprofit, Sacramento Housing Authority Repositioning Program, Inc. (SHARP) to manage and maintain the properties.
- In 2020 the agency plans to transfer 124 units through RAD and, over the next 7 to 10 years, the agency plans on converting all 2,276 units

We are optimistic that with your leadership and continued support, we will continue to bring forth award-winning affordable housing projects and invest in community revitalization activities through effective partnerships that improve Sacramento's quality of life.

Sincerely,



La Shelle Dozier
Executive Director

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Budget Summaries

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2 - BUDGET SUMMARIES

Summary of Full-Time Equivalent Positions (FTE) by Department - FY 2021

Department	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget	Increase (Decrease)
Executive Director	4.00	4.00	4.00	4.00	5.00	1.00
Legal	4.50	4.50	4.50	4.50	4.50	0.00
Human Resources	7.00	6.20	5.95	6.45	6.45	0.00
Finance	13.00	12.00	12.00	15.00	15.00	0.00
IMTS	10.00	10.00	10.10	10.10	10.10	0.00
Agency Clerk	1.50	2.50	2.60	2.60	2.60	0.00
Procurement	4.00	4.00	5.05	6.05	6.05	0.00
Subtotal Administrative Support	44.00	43.20	44.20	48.70	49.70	1.00
Public Housing	87.90	88.00	87.00	91.00	91.00	0.00
Public Housing Intake	3.35	3.35	3.60	3.70	3.80	0.10
Subtotal Public Housing	91.25	91.35	90.60	94.70	94.80	0.10
Housing Choice Vouchers	58.10	61.00	59.90	58.90	59.65	0.75
Housing Choice Vouchers Intake	7.65	9.65	10.50	8.40	8.40	0.00
Homeless Innovations	0.00	0.00	0.00	0.00	5.15	5.15
Subtotal Housing Choice Vouchers	65.75	70.65	70.40	67.30	73.20	5.90
Development	23.00	21.00	22.00	26.00	25.00	-1.00
Subtotal Housing and Community Development	23.00	21.00	22.00	26.00	25.00	-1.00
Real Estate and Construction Services	6.00	6.30	9.30	9.30	9.30	0.00
Subtotal Real Estate and Construction Services	6.00	6.30	9.30	9.30	9.30	0.00
Total	230.00	232.50	236.50	246.00	252.00	6.00

Budget Appropriation Comparison Schedule

	2019 Approved Budget	2020 Approved Budget	2021 Approved Budget	Variance 2020 to 2021	
				Amount	%
<u>Operations:</u>					
Salaries and Benefits	\$ 27,271,544	\$ 28,733,234	\$ 30,054,686	1,321,452	4.6%
Services & Supplies	17,783,164	17,402,961	17,402,961	-	0.0%
HAPs Payments	100,344,675	109,079,844	109,079,844	-	0.0%
Debt Service	2,591,231	2,877,433	2,877,433	-	0.0%
Financial Transactions	326,376	753,463	753,463	-	0.0%
Public Services	5,119,260	5,086,302	5,086,302	-	0.0%
Total Operations	\$ 153,436,250	\$ 163,933,237	\$ 165,254,689	\$ 1,321,452	0.8%
<u>Projects:</u>					
Housing Development and Preservation	\$ 14,393,849	\$ 40,249,819	\$ 40,249,819	-	0.0%
Housing Authority Capital Projects	18,503,066	2,734,261	2,734,261	-	0.0%
Infrastructure and Public Improvements	6,414,245	5,043,822	5,043,822	-	0.0%
Total Projects	\$ 39,311,160	\$ 48,027,902	\$ 48,027,902	\$ -	0.0%
Total Budget	\$ 192,747,410	\$ 211,961,139	\$ 213,282,591	\$ 1,321,452	0.7%

Appropriation Summaries by Department

Governing Boards

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Services and Supplies	\$ 75,000	\$ 60,000	\$ 60,000
Interdepartmental Charges			
Subtotal	75,000	60,000	60,000
Interdepartmental Charges-Eliminations	(25,065)	(60,000)	(60,000)
Required Funding	\$ 49,935	\$ -	\$ -

Executive Director

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 714,977	\$ 663,556	\$ 861,664
Services and Supplies	885,920	735,319	735,319
Interdepartmental Charges			
Subtotal	1,600,897	1,398,875	1,596,983
Interdepartmental Charges-Eliminations	(978,782)	(1,198,875)	(1,198,875)
Required Funding	\$ 622,115	\$ 200,000	\$ 398,108

Legal

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 842,867	\$ 667,340	\$ 908,041
Services and Supplies	299,378	269,469	269,469
Interdepartmental Charges	-	-	-
Subtotal	1,142,245	936,809	1,177,510
Interdepartmental Charges-Eliminations	(858,363)	(936,809)	(936,809)
Required Funding	\$ 283,882	\$ -	\$ 240,701

Human Resources

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 790,206	\$ 893,381	\$ 851,775
Services and Supplies	958,316	686,888	686,888
Interdepartmental Charges	-	-	-
Subtotal	1,748,522	1,580,269	1,538,663
Interdepartmental Charges-Eliminations	(1,537,134)	(1,484,633)	(1,484,633)
Required Funding	\$ 211,388	\$ 95,636	\$ 54,030

Administration - Headquarters

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Benefits			\$ 926,580
Services and Supplies	\$ 559,812	\$ 717,271	717,271
Debt Service	1,044,669	1,044,669	1,044,669
Subtotal	1,604,481	1,761,940	2,688,520
Interdepartmental Charges-Eliminations	(1,078,936)	(1,077,734)	(1,077,734)
Interdepartmental Charges-Eliminations	(383,866)	(383,866)	(383,866)
Required Funding	\$ 141,679	\$ 300,340	\$ 1,226,920

2 - BUDGET SUMMARIES

Finance

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 1,388,914	\$ 1,536,079	\$ 1,628,371
Services and Supplies	172,975	\$ 169,658	\$ 169,658
Interdepartmental Charges	-	-	-
Subtotal	1,561,889	1,705,737	1,798,029
Interdepartmental Charges-Eliminations	(1,512,992)	(1,705,737)	(1,705,737)
Required Funding	\$ 48,897	\$ -	\$ 92,292

Information Technology

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	1,464,302	\$ 1,609,369	\$ 1,726,593
Services and Supplies	1,013,471	1,032,232	1,032,232
Interdepartmental Charges	-	-	-
Subtotal	2,477,773	2,641,601	2,758,825
Interdepartmental Charges-Eliminations	(1,885,287)	(2,641,601)	(2,641,601)
Required Funding	\$ 592,486	\$ -	\$ 117,224

Procurement

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 585,001	\$ 704,112	\$ 907,112
Services and Supplies	174,585	\$ 154,187	\$ 154,187
Interdepartmental Charges	-	-	-
Subtotal	759,586	858,299	1,061,299
Interdepartmental Charges-Eliminations	(514,048)	(858,299)	(858,299)
Required Funding	\$ 245,538	\$ -	\$ 203,000

Agency Clerk

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 313,016	\$ 316,681	\$ 342,903
Services and Supplies	171,790	108,091	108,091
Interdepartmental Charges	-	-	-
Subtotal	484,806	424,772	450,994
Interdepartmental Charges-Eliminations	(394,965)	(424,772)	(424,772)
Required Funding	\$ 89,841	\$ -	\$ 26,222

2 - BUDGET SUMMARIES

Public Housing Authority

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Public Housing Authority			
Salaries and Benefits	8,297,896	9,172,485	8,414,968
Services and Supplies	11,882,020	11,764,851	11,764,851
Interdepartmental Charges	8,744,090	11,090,503	11,090,503
Subtotal	28,924,006	32,027,839	31,270,322
Interdepartmental Charges-Eliminations	(6,172,221)	(6,314,668)	(6,314,668)
Subtotal Public Housing Authority	22,751,785	25,713,171	24,955,654

Intake Services

Salaries and Benefits	385,855	393,221	378,409
Services and Supplies	114,375	113,481	113,481
Interdepartmental Charges	(1)	-	-
Subtotal	500,230	506,702	491,890
Interdepartmental Charges-Eliminations	(500,230)	(506,702)	(506,702)
Subtotal Intake	-	-	-

Grand Total	\$ 22,751,785	\$ 25,713,171	\$ 24,955,654
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Housing Choice Vouchers (HCV) and Homeless Innovations

Type of Expense	Budget 2019	Budget 2020	Budget 2021
HCV and Homeless Innovations			
Salaries and Benefits	\$ 5,765,663	\$ 5,778,127	\$ 7,216,934
Services and Supplies	2,062,581	1,592,814	1,592,814
Debt Service	-	-	-
Interdepartmental Charges	2,753,021	2,878,559	2,878,559
Subtotal Public Housing Choice Vouchers	10,581,265	10,249,500	11,688,307
Interdepartmental Charges-Eliminations	-	-	-
Subtotal HCV and Homeless Innovations	10,581,265	10,249,500	11,688,307

Intake Services

Salaries and Benefits	921,973	789,462	1,007,625
Services and Supplies	319,917	319,321	319,321
Interdepartmental Charges	-	-	-
Subtotal Intake	1,241,890	1,108,783	1,326,946
Interdepartmental Charges-Eliminations*	-	-	-
Subtotal Intake	1,241,890	1,108,783	1,326,946

Grand Total	\$ 11,823,155	\$ 11,358,283	\$ 13,015,253
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2 - BUDGET SUMMARIES

Development Finance

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 3,012,577	\$ 4,094,214	\$ 3,538,047
Services and Supplies	714,162	468,941	468,941
Interdepartmental Charges	1,543,619	2,890,908	2,890,908
Subtotal	5,270,358	7,454,063	7,454,063
Interdepartmental Charges-Eliminations			
Total	\$ 5,270,358	\$ 7,454,063	\$ 7,454,063

Real Estate and Construction

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Salaries and Benefits	\$ 1,246,898	\$ 1,218,900	\$ 1,345,664
Services and Supplies	190,146	262,488	262,488
Interdepartmental Charges	617,447	804,107	804,107
Subtotal	2,054,491	2,285,495	2,285,495
Interdepartmental Charges-Eliminations			
Total	\$ 2,054,491	\$ 2,285,495	\$ 2,285,495

Community Social Services

Type of Expense	Budget 2019	Budget 2020	Budget 2021
Public Services	\$ 5,119,260	\$ 5,086,302	\$ 5,086,302
Total	\$ 5,119,260	\$ 5,086,302	\$ 5,086,302

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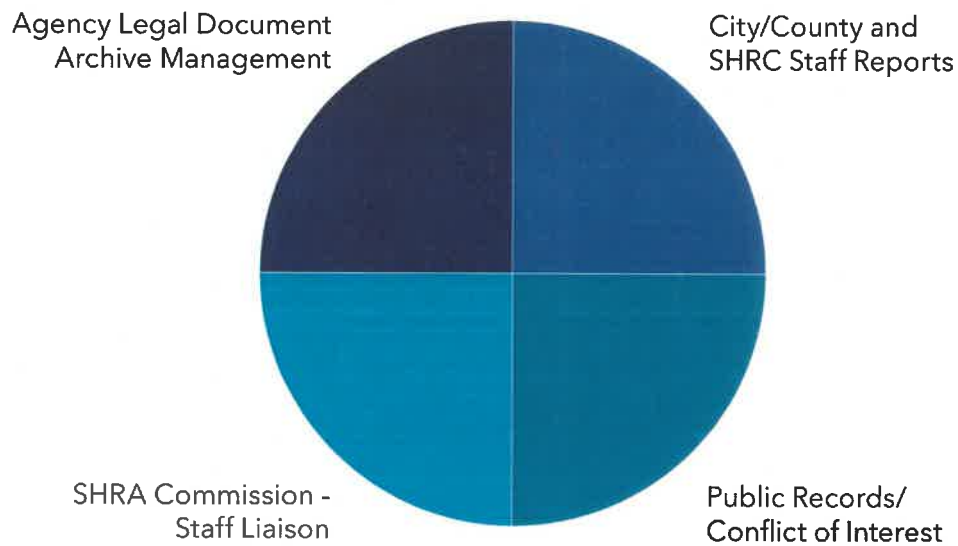
Administrative Support

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3 - ADMINISTRATIVE SUPPORT

Agency Clerk

Operating Budget - FY 2021



Department Summary

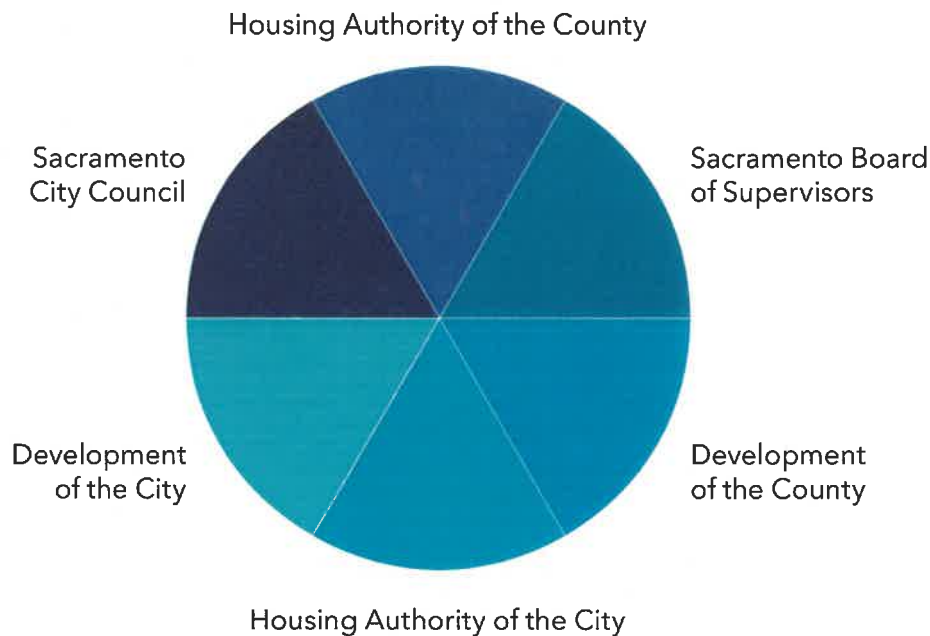
The **Agency Clerk's Department** works across the organization to ensure that all Agency projects, programs, policy and budget items receive all necessary governing board approvals through the staff report process, that all legal requirements related to public noticing and posting of items are completed in a timely manner, and that the public is able to effectively interface with the Agency by efficiently managing the public records request process and by posting the Agency's bi-monthly agenda packet and other relevant information on the Agency web site.

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3 - ADMINISTRATIVE SUPPORT

Executive Director

Operating Budget - FY 2021



Department Summary

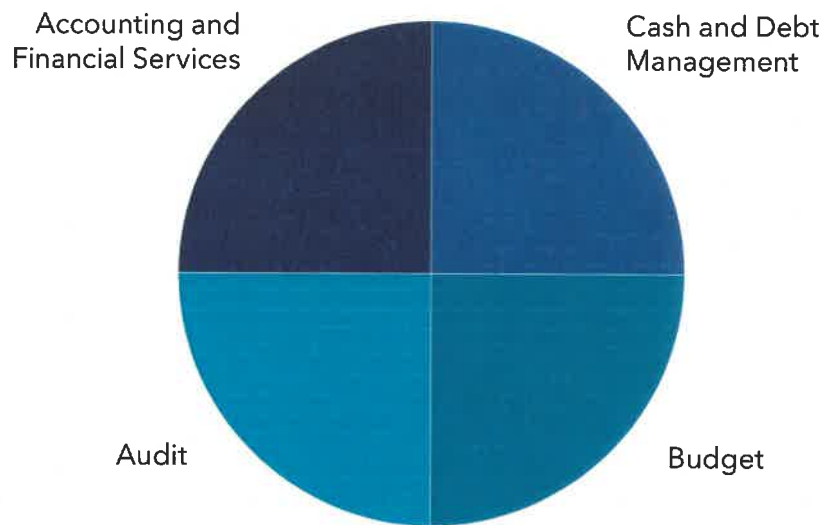
The **Executive Director** provides direction and guidance to the organization in effectively implementing the Agency's mission and core goals relating to development, affordable housing initiatives, and catalytic economic and neighborhood revitalization. The Executive Director is responsible for developing and maintaining strong supportive relationships with elected officials at all levels of government. It is the Executive Director's responsibility to maintain fiscal integrity, to develop strategic partnerships with housing advocates, private and non-profit organizations, business and community groups and residents, and to exercise visionary and innovative leadership to ensure that the Agency maintains a leading and proactive position in responding to external environmental factors that impact the future of the organization and its ability to successfully address Sacramento's housing and development needs.

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3 - ADMINISTRATIVE SUPPORT

Finance

Operating Budget - FY 2021



Department Summary

The **Finance Department** provides full service accounting and financial services in support of the Agency's Community Development and housing programs. The primary responsibilities of the department include: payroll, accounts payable, fixed assets, debt management, cash management, financial reporting and general ledger accounting. Significant technical activities include the preparation of the Comprehensive Annual Financial Report (CAFR) and the Agency's annual budget.

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3 - ADMINISTRATIVE SUPPORT

Governing Boards

Department Summary

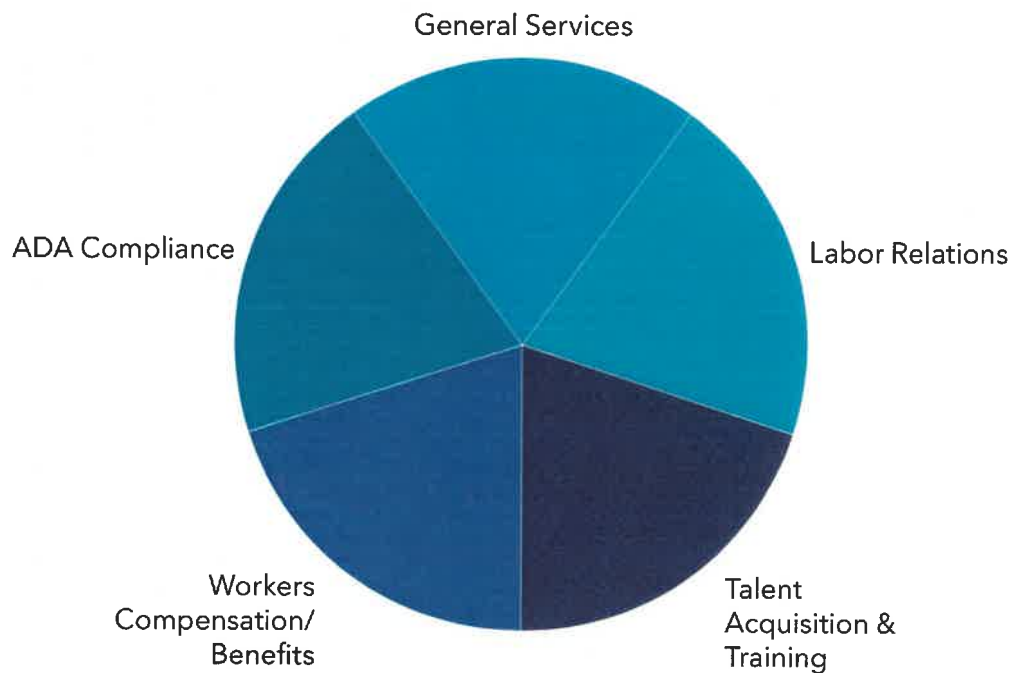
Sacramento Housing and Redevelopment Agency (Agency) is a joint powers authority controlled by both **City and County governing boards**. The **elected governing boards** consist of the Sacramento City Council, which also acts as the Housing Authority of the City of Sacramento and the Sacramento County Board of Supervisors, which acts as the Housing Authority of the County of Sacramento and the Sacramento Housing Development Corporation. The Sacramento Housing and Redevelopment Commission, whose members are appointed by the Board of Supervisors and the City Council, also governs the Agency and advises on various matters to the City and County governing boards.

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3 - ADMINISTRATIVE SUPPORT

Human Resources

Operating Budget - FY 2021



Department Summary

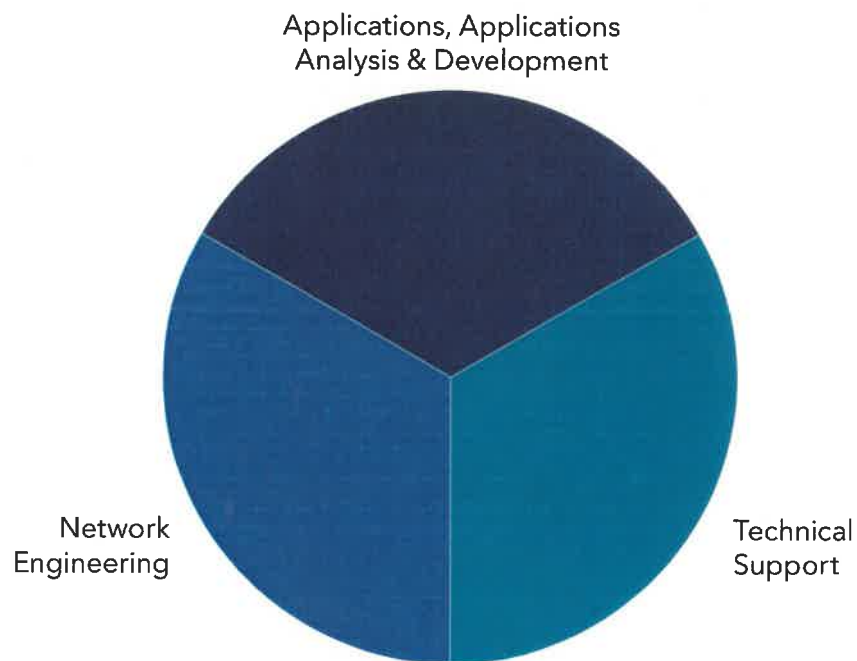
The **Human Resources Department** is responsible for personnel administration for the Agency including developing, implementing and maintaining a system of personnel administration which includes labor negotiations, recruitment, selection and training of employees; the personnel/payroll system database; employment assistance to management, employees and applicants; and position classification and salary plans, and agency-wide mail, photocopy, and messenger services.

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3 - ADMINISTRATIVE SUPPORT

Information Technology

Operating Budget - FY 2021



Department Summary

The **Information Technology (IT) Department** provides centralized support for the Agency's information systems and hardware, enterprise financial, property management and personal computer applications, voice and data communication networks.

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3 - ADMINISTRATIVE SUPPORT

Legal

Operating Budget - FY 2021



Department Summary

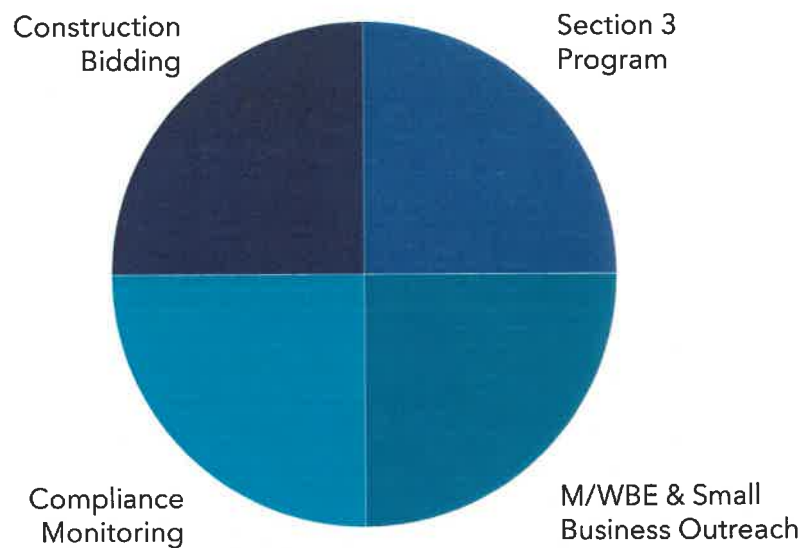
The **Legal Department** is responsible for risk management activities and administers all internal and external Agency legal services; ensuring that the legal interests of the Agency are protected and that its activities comply with applicable federal, state and local laws and regulations.

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3 - ADMINISTRATIVE SUPPORT

Procurement Services

Operating Budget - FY 2021



Department Summary

The members of this division work to ensure that all agency activities will be compliant with federal, state, and local requirements for:

- Eligible use of funds
- Appropriate disbursement of project funds
- Hiring (non-staff) and contracting practices
- Procurement practices

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3 - ADMINISTRATIVE SUPPORT

SHRA Administrative Building

Summary

Sacramento Housing and Redevelopment Agency maintains its **administrative headquarters** at 801 12th Street in Sacramento. The building was purchased in 2008 in order to centralize Agency staff that was previously located in three separate locations. The extensive rehabilitation of the six story building garnered a LEED Silver Certification as a "green" building.

Appropriations reflect the costs of the debt service and annual operations of the building. All costs are charged out to the departments utilizing the building or are expenditures of capital reserves for scheduled system replacements/repairs.

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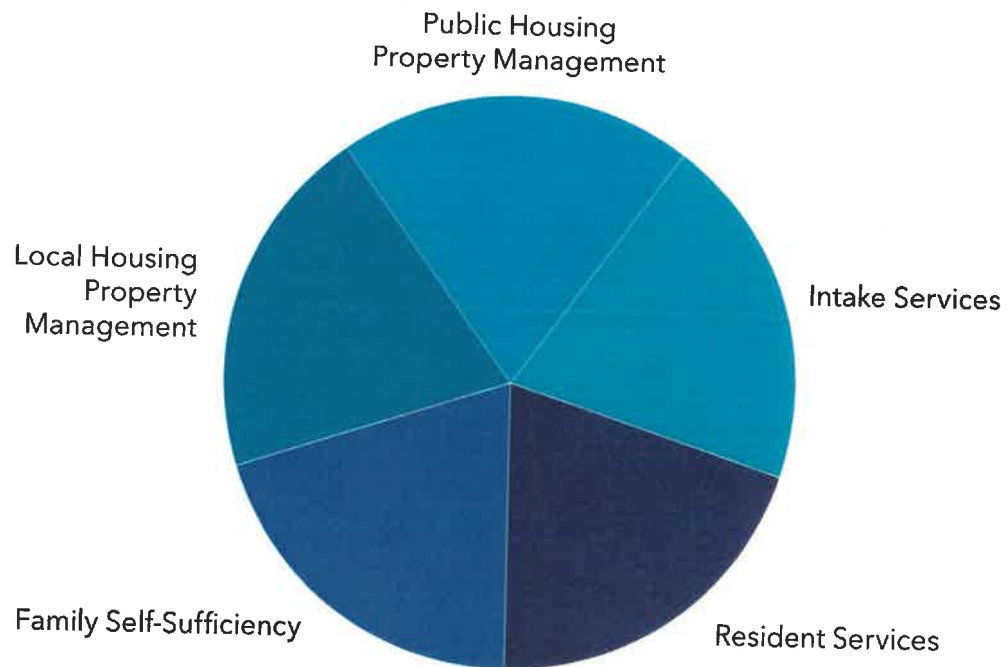
Housing Authority

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4 - HOUSING AUTHORITY

Public Housing

Operating Budget - FY 2021



4 - HOUSING AUTHORITY

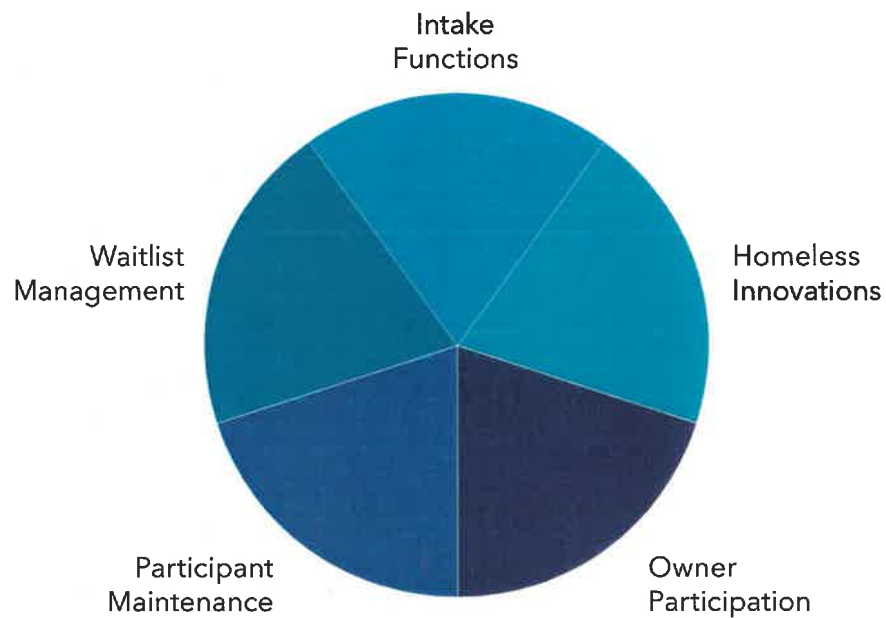
Department Summary

The **Housing Authority** provides affordable housing for over 600 extremely low-, very low- and low-income persons, including children, seniors, and disabled individuals. The Public Housing Program provides over 2,000 apartments, duplexes, and some single family homes to qualified low income families. This housing is owned, managed, and maintained by the Housing Authority, making it one of the largest landlords in Sacramento County. The Housing Authority also owns and manages close to 300 affordable units comprised of tax credits, and local funds. The non-profit arm, Sacramento Housing Authority Repositioning Program Inc. (SHARP), also owns and manages 3 project based voucher high-rise elderly only units. SHARP also owns and manage 124 scattered site Rental Assistance Demonstration (RAD) apartments and 215 apartments converted through the Section 18 program.

4 - HOUSING AUTHORITY

Housing Choice Voucher Program and Homeless Innovations

Operating Budget - FY 2021



Department Summary

The **Housing Choice Voucher (HCV)** staff provides rental assistance to low-income/homeless participants in Sacramento County. The Agency oversees over 13,000 rental vouchers/certificates for the Housing Choice Voucher (HCV) and Shelter Plus Care (SPC) programs. The Agency seeks to maintain utilization at 98-100% of the vouchers available. Within the HCV voucher allocation, staff serve homeless veterans through the Veterans Affairs Supportive Housing (VASH) program, provide project-based vouchers for homeless or rent burdened participants, provide tenant based vouchers (where participants find units anywhere in Sacramento County), serve non-elderly disabled families, utilize family unification program (FUP) vouchers and much more. In addition, through the SPC program chronically homeless disabled participants received rental assistance.

In addition to administering the rental assistance programs, the **Homeless Innovations** staff oversees the administration of emergency shelters. The Emergency Bridge Housing (EBH) at the Grove houses up to 48 Transitional Age Youth (TAY) while the Meadowview Navigation Center will house up to 100 adult women. Guests at both shelters will receive 3 meals a day, have access to robust case management tailored to their individual needs and will be re-housed in stable permanent housing. While the X Street Navigation Center is currently on hold, it is anticipated to house 100 adults who will receive extensive case management services and be re-housed in the community.

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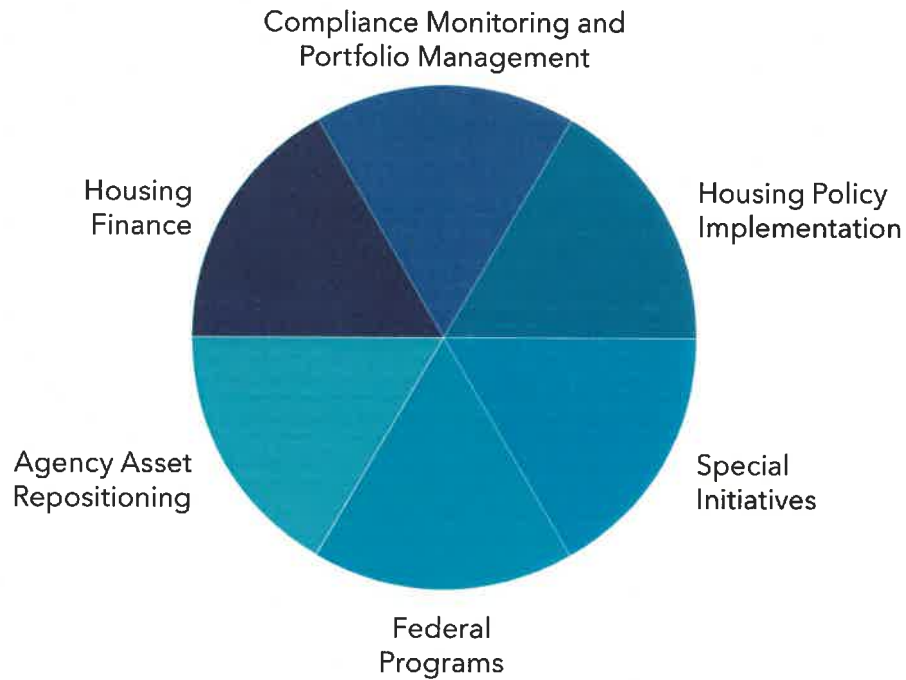
Development

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5 - DEVELOPMENT

Development

Operating Budget - FY 2021



Department Summary

The **Development Department** is comprised of four divisions, **Federal Programs, Development Finance** (Compliance/Portfolio Management, Housing Finance & Policy Implementation), **Asset Repositioning** and **Special Initiatives**. The Development Department is responsible for identifying real estate development opportunities that will increase the number of high quality affordable housing units and the preservation/rehabilitation of the agency's existing housing stock. It also is responsible for coordinating funding from Federal programs, reviewing and funding mixed financing for development projects and new initiatives including the Promise Zone projects.

The **Federal Programs Division** works with various stakeholders to bring about positive change through investments in targeted neighborhoods. The primary responsibility of the division is to effectively manage U.S. Department of Housing and Urban Development grants on behalf of to the City and County of Sacramento including Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

The **Development Finance Division** invests public funds in construction and rehabilitation projects that expand and preserve the supply of affordable housing and home ownership opportunities. In addition, the department oversees the implementation of affordable housing ordinances for both the City and unincorporated County of Sacramento. The department ensures that investments maintain their value over time by monitoring the Agency's loan portfolio for fiscal performance and for regulatory compliance. Staff conducts annual on-site inspections of housing projects for quality standards.

The **Asset Repositioning Division** working with the Housing Authority has developed an asset repositioning strategy for long term operation, capital investment, rehabilitation, modernization, disposition, and other needs for its inventory. These projects were funded and built in past decades, when housing and neighborhood conditions were far different from those today. Although they were built with expiring affordability restrictions, it was assumed that these developments would remain affordable housing resources for many future generations. Many of these projects are aging and have critical capital needs. The risk to the portfolio is significant without a comprehensive, sustained effort by the housing authority and its partners that is designed to ensure the preservation, viability and affordability of these housing units.

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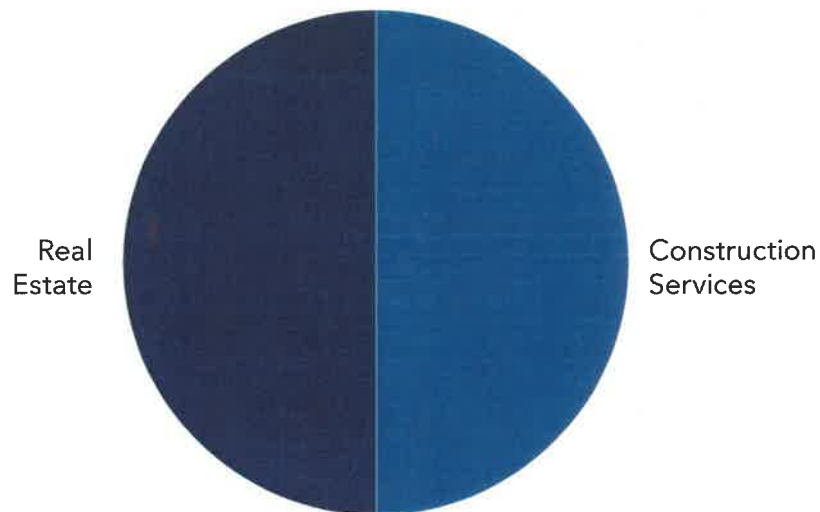
Real Estate and Construction Services

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6 - REAL ESTATE & CONSTRUCTION SVCS

Real Estate and Construction Services

Operating Budget - FY 2021



Department Summary

The **Real Estate and Construction Services Department (RECS)** is comprised of two distinct divisions. The Real Estate division is primarily responsible for the buying and selling of property on behalf of the Agency. Construction Services manages the design and construction of a variety of projects on behalf of the Agency.

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Community Social Services

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7 - COMMUNITY SOCIAL SERVICES

Community Social Services

Department Summary

Since the beginning of 1994, the **Community/Social Services** programs have been managed by the County of Sacramento Department of Human Assistance (DHA). Beginning in 2012 several functions administered by DHA transitioned to the newly formed non-profit Sacramento Steps Forward (SSF). Additionally, beginning in 2012 and continuing in 2013 and beyond, SHRA began assuming specific programs previously administered by DHA.

SSF will coordinate various funding sources including Agency funds to support the Continuum of Care (CoC) programs including: Rapid Rehousing, transitional housing, and permanent supportive housing programs.

SHRA assumed administration of the Shelter Plus Care, Housing Opportunities for Persons With AIDS (HOPWA) and Emergency Shelter Grants (ESG) programs from DHA.

Other non-profits (Asian Community Center) administer Senior Nutrition programs.

Starting in July 1, 2015, the administration of the Comprehensive Alcohol Treatment Center, also known as the "Detox Program", transferred from DHA to SHRA.

7 - COMMUNITY SOCIAL SERVICES

Public Services by Category - FY 2021

	City	County	Total	Source
Administration				
HOPWA Administration	\$ 39,912		\$ 39,912	HOPWA-City
Community Services				
Natomas Youth Services	175,000	-	175,000	MFSAF - City
Valley-Hi Boys and Girls Club	100,000		100,000	MFSAF - City
Subtotal Community Services	275,000	-	275,000	
Rental Assistance				
HOPWA Short-term Rent Mortgage Utilities (STRMU)	224,826		224,826	HOPWA-City
HOPWA Tenant Based (TBRA)	73,000		73,000	HOPWA-City
Homeless Prevention & Rapid Re-Housing	152,715		152,715	ESG-City
Solano County Homeless Prevention & Rapid Re-Housing		213,416	213,416	ESG-State
Homeless Prevention & Rapid Re-Housing		179,393	179,393	ESG- County
Boulevard Court	238,000		238,000	Housing Successor-City
Mutual Housing at the Highlands		296,000	296,000	Housing Successor-County
Subtotal Rental Assistance	688,541	688,809	1,377,350	
Senior Nutrition				
Senior Nutrition Program	535,000		535,000	CDBG - City
Senior Nutrition Program		428,000	428,000	CDBG - County
Senior Nutrition Program		50,000	50,000	PILOT - County
Senior Nutrition Program	87,000		87,000	MFSAF - City
Subtotal Senior Nutrition	622,000	478,000	1,100,000	
Homeless				
Shelter / COC	63,000		63,000	CDBG - City
Shelter / COC		363,000	363,000	CDBG - County
Shelter / COC		598,155	598,155	MFSAF - County
Shelter / COC	229,072		229,072	ESG-City
Shelter / COC		273,523	273,523	ESG-County
Shelter / COC	175,195		175,195	PILOT - City
Shelter / COC		31,095	31,095	PILOT - County
Subtotal Homeless	467,267	1,265,773	1,733,040	
Supportive Services				
HOPWA Supportive Services	561,000	-	561,000	HOPWA-City
Totals	\$ 2,653,720	\$ 2,432,582	\$ 5,086,302	

8

Capital Projects Schedule

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8 - CAPITAL PROJECTS SCHEDULE

Capital Projects Schedule

Projects by Funding Source - FY 2021

Fund Description	Project Type	Modernization	Appropriation
Conventional Housing - Capital Fund Program - City	Housing Authority Capital Projects	Modernization	\$ 1,331,942
		Modernization	Subtotal \$ 1,331,942
Conventional Housing - Capital Fund Program - County	Housing Authority Capital Projects	Modernization	\$ 700,036
			Subtotal \$ 700,036
HSA-Project fund City	Housing Development and Preservation	Project Delivery	\$ 898,012
HSA-Project fund City	Housing Development and Preservation	Property Holding Costs and Disposition Plan	898,012
			Subtotal \$ 1,796,024
HSA-Project fund County	Housing Development and Preservation	Project Delivery	\$ 204,172
HSA-Project fund County	Housing Development and Preservation	Property Holding Costs and Disposition Plan	202,172
			Subtotal \$ 406,344
Housing Trust Fund - City	Housing Development and Preservation	Housing Development Assistance	\$ 5,985,194
			Subtotal \$ 5,985,194
Housing Trust Fund - County	Housing Development and Preservation	Housing Development Assistance	\$ 250,186
			Subtotal \$ 250,186
City Inclusionary Housing	Housing Development and Preservation	Housing Development Assistance	\$ 66,310
			Subtotal \$ 66,310
Affordable Housing Program - Affordability	Housing Development and Preservation	Housing Development Assistance	\$ 3,579,468
			Subtotal \$ 3,579,468

Projects by Funding Source - FY 2021

Fund Description	Project Type	Description	Appropriation
City Low Income Housing (MIHO)	Housing Development and Preservation	Housing Development Assistance	\$ 2,346,229
		Subtotal	\$ 2,346,229
County AHO Monitoring	Housing Development and Preservation	Housing Development Assistance	\$ 74,440
		Subtotal	\$ 74,440
Supplemental Admin Fees - City	Housing Development and Preservation	Housing Development Assistance	\$ 1,596,581
		Subtotal	\$ 1,596,581
Supplemental Admin Fees - County	Housing Development and Preservation	Housing Development Assistance	\$ 727,710
		Subtotal	\$ 727,710
Community Development Block Grant - City	Housing Development and Preservation	Housing Program Implementation and Delivery	\$ 241,544
Community Development Block Grant - City	Housing Development and Preservation	Emergency Repair Program/Accessibility Grant Program (ERP)	150,000
Community Development Block Grant - City	Housing Development and Preservation	Fair Housing Activities	135,000
Community Development Block Grant - City	Housing Development and Preservation	Minor Repair & ADA for Seniors & Low Income Homeowners Program	50,000
		Subtotal	\$ 576,544
Community Development Block Grant - City	Infrastructure and Public Improvements	Affordable Housing Rehabilitation	\$ 1,036,225
Community Development Block Grant - City	Infrastructure and Public Improvements	Capital Reserve	482,171
Community Development Block Grant - City	Infrastructure and Public Improvements	Meadowview Park Improvements	430,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Meadowview Streetscape Phase 1 & 2	250,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Slim Center Traffic Signal/Wayfinding	200,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Broadway Complete Street	150,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Small Public Facility Notice of Funding Availability (NOFA)	150,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Del Paso Boulevard Road	100,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Robie Community Park	100,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Consolidated Planning (Promise Zone, CDBG, Public Improvement)	91,362
Community Development Block Grant - City	Infrastructure and Public Improvements	Susan B Anthony Park Improvements	75,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Nielsen Park	70,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Del Paso Boulevard	60,000
Community Development Block Grant - City	Infrastructure and Public Improvements	River District Basketball Court	45,000
Community Development Block Grant - City	Infrastructure and Public Improvements	Consolidated Planning	25,305
Community Development Block Grant - City	Infrastructure and Public Improvements	Capital Improvement Project Scoping and Environmental	25,000
		Subtotal	\$ 3,290,063

Projects by Funding Source - FY 2021

Fund Description	Project Type	Description	Appropriation
Community Development Block Grant - County	Housing Development and Preservation	Affordable Housing Rehabilitation	\$ 1,100,000
Community Development Block Grant - County	Housing Development and Preservation	Countywide ADA Curb Ramp Project	900,000
Community Development Block Grant - County	Housing Development and Preservation	Housing Program Implementation and Delivery	266,544
Community Development Block Grant - County	Housing Development and Preservation	Emergency Repair Program/Accessibility Grant Program (ERP)	150,000
Community Development Block Grant - County	Housing Development and Preservation	Fair Housing Activities	90,000
Community Development Block Grant - County	Housing Development and Preservation	Minor Repair & ADA for Seniors & Low Income Homeowners Program	50,000
		Subtotal	\$ 2,556,544
Community Development Block Grant - County	Infrastructure and Public Improvements	Florin Area LED Street Light Project Phase 3	\$ 675,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Watt Avenue Complete Street Improvement Phase I	400,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Arden Way Complete Streets Phase I	400,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Folsom Seniors Helping Seniors Handyman Program	165,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Small Public Facility Notice of Funding Availability (NOFA)	150,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Consolidated Planning	220,930
Community Development Block Grant - County	Infrastructure and Public Improvements	Galt Capital Infrastructure Improvement	100,000
Community Development Block Grant - County	Infrastructure and Public Improvements	Empowerment Park Improvements	60,690
Community Development Block Grant - County	Infrastructure and Public Improvements	Capital Reserve	220,112
Community Development Block Grant - County	Infrastructure and Public Improvements	Empowerment Park Improvements	39,310
Community Development Block Grant - County	Infrastructure and Public Improvements	Capital Improvement Project Scoping and Environmental	25,000
		Subtotal	\$ 2,456,042
HOME Investment Partnership - Entitlement City	Housing Development and Preservation	Multi-family Housing Acquisition and Rehabilitation	\$ 1,107,062
HOME Investment Partnership - Entitlement City	Housing Development and Preservation	Multi-family Housing New Construction	1,101,157
		Subtotal	\$ 2,208,219
HOME Revolving Loans - City	Housing Development and Preservation	Multi-family Housing New Construction	\$ 716,906
		Subtotal	\$ 716,906
HOME Revolving Loans - County	Housing Development and Preservation	Multi-family Housing Acquisition and Rehabilitation	\$ 4,716,770
HOME Revolving Loans - County	Housing Development and Preservation	Multi-family Housing New Construction	4,716,770
		Subtotal	\$ 9,433,540

Projects by Funding Source - FY 2021

Fund Description	Project Type	Description	Appropriation
HOME - County	Housing Development and Preservation	Multi-family Housing Acquisition and Rehabilitation	\$ 1,353,473
HOME - County	Housing Development and Preservation	Multi-family Housing New Construction	1,357,957
		Subtotal	\$ 2,711,430
HOPWA	Housing Development and Preservation	Housing Development Assistance	\$ 157,809
HOPWA	Housing Development and Preservation	Housing Development Assistance	662,540
HOPWA	Housing Development and Preservation	Housing Development Assistance	397,801
		Subtotal	\$ 1,218,150
TCC-SIMPL	Transformative Climate Community	Sacramento Inter-Modal Place-Based Living	\$ 4,000,000
		Subtotal	\$ 4,000,000
		TOTAL	\$ 48,027,902

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RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

July 15, 2020

APPROVAL OF 2021 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS AND IMPLEMENTING AUTHORIZATIONS INCLUDING AUTHORITY FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS

WHEREAS, the Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts to manage and administer federal housing and community development programs on behalf of the City and County and to provide a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds;

WHEREAS, the Agency receives annual funding from a combination of federal, state and local sources. The sources of Agency revenues require an operating budget adopted prior to the start of each new fiscal year;

WHEREAS, Agency's fiscal year is the calendar year from January 1st through December 31;

WHEREAS, pursuant to Health and Safety Code Section 34176 the City and County of Sacramento designated the Housing Authorities of the City and County of Sacramento, managed and staffed by the Agency, as the designated local authorities to retain the housing-assets and housing-functions previously performed by the respective Redevelopment Agencies.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities, and therefore, the proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b), and are exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34(a)(2) and (3). Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

Section 2. The 2021 Operating Budget totaling \$165,254,689 and the 2021 Project Budget totaling \$48,027,902, all as further described in the 2020 Proposed Agency Budget (hereinafter “2021 Agency Budget” or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2021 fiscal year. The 2021 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.

Section 3. A total of 252 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.

Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.

Section 5. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the United States Department of Housing and Urban Development (HUD), the California State Department of Finance and/or the State Controller’s Office and the actions taken by the Successor Agencies of the former Redevelopment Agencies approved by the Successor Agency oversight Boards.

Section 6. The Executive Director, or designee, is authorized to submit the 2021 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for

HUD funded programs and projects.

Section 7. The proposed expenditures under the 2021 Housing Operating Budget are necessary in the efficient and economical operation of Agency housing to serve low-income families.

Section 8. The housing financial plan set forth in the 2021 Housing Operating Budget is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
- c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
- d. It implements the fee for service provisions and support service costs based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service. The fee for service provision is predicated on the concept that fee revenues will cover the cost of the services provided.

Section 9. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements, and amend the Budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Executive Director, or designee, is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.

Section 10. On an annual basis, HUD requires the Agency to conduct a physical inventory, analyze receivables for collectability and accordingly, reconcile and adjust related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.

Section 11. The Executive Director, or designee, is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.

Section 12. Subject to availability under the Budget of any required funds, The Executive Director, or designee, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals. The Executive Director, or her designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the approved HUD approved conversion.

Section 13. The Executive Director, or designee, is authorized and directed to approve, submit, and implement the Public Housing Agency (PHA) Annual Plan, PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.

Section 14. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). The Agency is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. The Executive Director is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. The Executive Director, or designee, is authorized to amend the Capital Reserve Project in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

Section 15. The Executive Director, or designee, is authorized to administer funds or delegate authority to other appropriate entities approved by the governing boards, to administer ESG and HOPWA programs and expend funds and to execute contracts with the appropriate entities to carry out the activities contained in the Action Plan utilizing ESG and HOPWA funds, strictly in accordance with the terms of the Action Plan and funding source requirements.

Section 16. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which the Agency is the designated recipient of grant funds or contracting agency. Agency is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Executive Director, or designee, is authorized to execute contracts for

homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 17. The Executive Director, or designee, is authorized to submit grant applications on behalf of any of the Agency constituent members for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. The Executive Director is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- Federal Emergency management Agency
- Social Innovation Fund

Section 18. The proposed expenditure of tax increment housing funds for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, as set out in the budget, will not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all Redevelopment Project Areas as set forth in City Redevelopment Agency Resolution 2004-062 and County Redevelopment Agency Resolution RA-0757, by facilitating the production of affordable housing and providing housing for a homeless population which remains in or frequents the Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes redevelopment of the Project Areas.

Section 19. The expenditure of tax increment housing funds from the Project Areas to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increasing, improving, and preserving the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households for proposed projects, will be of benefit to all the community.

Section 20. The proposed planning and administrative expenses paid for from the low and moderate income housing fund are necessary for the production, improvement and/or preservation of low and moderate income housing during the 2021 Agency Budget year.

Section 21. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post-retirement medical benefits, sick leave, and vacation accruals.

Section 22. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

Section 23. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.

Section 24. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 25. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.

Section 26. The Executive Director, or designee, is authorized to transfer project appropriations among fund groups.

Section 27. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual higher tax increment revenues.

Section 28. The Executive Director, or designee, is authorized to transfer funding of approved capital projects within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable redevelopment laws and regulations or changes to the aforementioned.

Section 29. The Executive Director, or designee, is authorized to amend the budget to receive insurance proceeds and award contracts to expend insurance proceeds so long as such proceeds are used exclusively towards, the repairing, rehabilitating, replacing or otherwise compensating for the insured loss.

Section 30. The Executive Director, or designee, is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with

bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed to assure receipt of anticipated revenues.

Section 31. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. Agency is authorized to enter into “loan work outs,” to the extent reasonably necessary to protect Agency assets, and in entering such “work outs,” Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, The Executive Director, or designee, is authorized to renegotiate existing Agency debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide the Agency with more favorable loan terms.

Section 32. All project appropriations in existence as of December 31, 2020 will be carried over and continued in 2021.

Section 33. All multi-year operating grant budgets in existence as of December 31, 2020 shall be continued in 2021.

Section 34. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2020 may remain in effect in 2021. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2020, but only to the extent that the applicable division’s 2020 operating budget appropriations exceeded 2020 expenditures.

Section 35. The Executive Director, or designee, is authorized to incorporate the changes as listed on Exhibit A as part of the 2021 Budget.

Section 36. The Executive Director, or designee, is authorized to delegate the authorities as set out in this resolution.

Section 37. This resolution shall take effect immediately.

ATTEST:

CLERK



July 10, 2020

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

**Villa Jardin and Coral Gables Tax Equity and Fiscal Responsibility Act Hearing,
and Approval of Tax-Exempt Bonds, Predevelopment Loan, Loan Commitment,
Assignment and Assumption Commitments, and Disposition and Development
Agreement**

RECOMMENDATION

Staff is presenting this information to the Commission for review prior to final review by
the City of Sacramento.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



**REPORT TO CITY COUNCIL AND
HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Public Hearing
July 28, 2020**

**Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority Board**

Title: Villa Jardin and Coral Gables Tax Equity and Fiscal Responsibility Act Hearing, and Approval of Tax-Exempt Bonds, Predevelopment Loan, Loan Commitment, Assignment and Assumption Commitments, and Disposition and Development Agreement

Location/Council District: District 8

Recommendation: Conduct a public hearing and upon conclusion, adopt a 1) City Council Resolution indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of Villa Jardin and Coral Gables (Project); 2) City Council Resolution approving Sacramento Housing and Redevelopment Agency (SHRA) to a) enter into and execute i) a \$500,000 predevelopment loan agreement funded with City Housing Trust Funds for the Coral Gables site (Predevelopment Loan), ii) a \$2,800,000 loan commitment comprised of \$1,400,000 in State Department Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF), or if not awarded HCD LHTF, \$1,400,000 of Mixed Income Housing Funds, and \$1,400,000 in City Housing Trust Funds for the Project (Loan Commitment), iii) Commitments to assign the existing SHRA loans of the Villa Jardin and Coral Gables respective sites, and iv) other documents as approved to form by SHRA legal counsel, and perform other actions necessary and associated with this transaction; b) release outdated recorded restrictions associated with the existing Villa Jardin loan; c) amend the budget and d) make related findings; and

Conduct a public hearing and upon conclusion, adopt a 1) Housing Authority Resolution which a) indicates the intention of the Housing Authority of the City of Sacramento to issue up to \$26,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, construction and permanent financing for the Project, b) authorizes an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds, and c) authorizes the Executive Director, or designee, to execute the necessary documents associated with the transaction; and 2) Housing Authority Resolution which authorizes the Executive Director, or designee to enter into and execute the Disposition and Development Agreement and all other documents and agreements as approved to

form by Housing Authority legal counsel, and perform other actions necessary and associated with this transaction.

Contact: Christine Weichert, Assistant Director, (916) 440-1353; Tyrone Roderick Williams, Director of Development, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Anne Nicholls, Management Analyst, (916) 440-1363, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail:

Coral Gables Vacant Site

In 2016, the City of Sacramento Council (Council) adopted a resolution approving a Vacant Lot Disposition Strategy that permitted the sale of three contiguous Coral Gables vacant lots located adjacent to Villa Jardin. A vicinity map is included as Attachment 2. On January 17, 2018, the Housing Authority of the City of Sacramento issued a Request for Proposal (RFP) for City residential development sites. As a result of the RFP, the John Stewart Company (Developer) was selected as the developer for the multifamily development project.

Coral Gables will incorporate a new infill development consisting of three three-story wood-frame residential buildings adding 38 units. There will be 18 one-bedroom and 20 two-bedroom units. Amenities will include a new community building, security system, playgrounds for school aged children, laundry facilities, barbeque area, management office, vehicle and bicycle parking, and open space for residents to use. All amenities will be shared and used by Villa Jardin residents. Further details of the Project are included in the Scope of Development attached to the City Council Loan Commitment Resolution as Exhibit B.

The Developer and Housing Authority desire to enter into a Disposition and Development Agreement (DDA) to build affordable multifamily rental units on the site. The property will be transferred from the Housing Authority to the Developer, or related entity, for the total purchase price through a seller carryback loan of \$210,000.

Villa Jardin

Villa Jardin is an existing affordable housing project built in 1964 and consists of 44 units all of which are two-bedroom and one-bath, a management office, laundry facility and on-site parking. The property has fallen into serious disrepair and is critically in need of significant rehabilitation. Interior unit improvements will include new flooring, windows, kitchen and bathrooms. Units will also receive new entry doors and air conditioning units. Exterior building improvements will include dry rot repair, stair railing replacement, new electrical panel board, new exterior lighting, paint, asbestos abatement, new overlay asphalt paving, landscape, irrigation, and sewer line repairs. A new security system will be installed. Installation of new vehicular and pedestrian gates

will be included along with a new entry access system. ADA accessibility modification will be completed to ensure that four (4) units include mobility features.

Villa Jardin and Coral Gables Development

The Developer has applied to the Sacramento Housing and Redevelopment Agency (SHRA) for the issuance of up to \$26,000,000 in tax-exempt mortgage revenue bonds, a \$500,000 predevelopment loan for the Coral Gables site, and a gap financing loan of \$2,800,000 for the construction and permanent financing of Villa Jardin and Coral Gables.

The proposed Villa Jardin and Coral Gables development (Project) is a permanent supportive/homeless and workforce housing development proposed on a 2.32-acre site in the Meadowview area of the City of Sacramento. The proposed Project will consist of 81 affordable one- and two-bedroom units and one two-bedroom exempt management unit. There will be a combination of rehabilitation and new construction of fifteen (15) one-, two- and three-story wood-frame buildings. A rendering and picture of the Project are provided as Attachments 3 and 4.

Upon approval of staff recommendations, applications will be submitted to the 1) California State Department of Housing and Community Development (HCD) for Local Housing Trust Funds in August 2020, 2) HCD for Multifamily Housing Program (MHP) funds in 2020, 3) California Debt Limit Allocation Committee (CDLAC) for tax-exempt mortgage revenue bonds and 4) California Tax Credit Allocation Committee (CTCAC) for four percent Low Income Housing Tax Credits (LIHTC) in early 2021, subject to the award of MHP funding.

Project Based Vouchers

In May 2020, the Developer applied for and was awarded 38 Project Based Vouchers (PBV) for permanent supportive/homeless housing units for the Project from SHRA. There will be 18 one-bedroom and eleven two-bedroom units with PBV at the Coral Gables site and nine two-bedroom units with PBV at the Villa Jardin site.

Developer: The John Stewart Company (JSCo) is an experienced owner and manager of affordable rental housing projects. JSCo has more than 40 years of experience in affordable housing and has partnered with the SHRA on a number of other projects. JSCo has developed over 5,000 units of housing throughout California, the majority of which are affordable. The company has extensive experience in financing projects with tax credits, tax-exempt mortgage revenue bonds, and other public and private funding sources.

Property Management: Villa Jardin/Coral Gables will be managed by the John Stewart Company (JSCo). JSCo has over 40 years of property management experience; and there are over 420 properties in California consisting of more than 31,600 affordable and market rate residential units in their portfolio. JSCo currently manages 16 SHRA financed affordable housing properties in the Sacramento region. JSCo is qualified to manage this permanent supportive and workforce housing development given its experience with managing Hotel Berry, Shasta Hotel and Cannery Place Apartments. SHRA staff has reviewed the qualifications of JSCo and the property management plan, including daily operations, leasing procedures, maintenance, and eviction procedures,

and has found that the proposed property management agent and management plan meet SHRA requirements.

Supportive Services: LifeSTEPS, Inc. (LifeSTEPS) will be providing and coordinating mental health supportive services and other permanent supportive services to the residents of the Villa Jardin and Coral Gables Project. LifeSTEPS will dedicate 1.9 Full-Time Equivalent (FTE) case manager to provide services and programs tailored to serve the residents with special needs. The Case Manager will be on site to provide direct supportive services that will include, but are not limited to, individual service plans, mental health care, physical health care, substance use and benefits counseling.

Resident Services: Resident services will also be provided by LifeSTEPS (LifeSTEPS), which currently provides resident services to 250 affordable housing communities and more than 80,000 residents in California. LifeSTEPS will be required to provide 8 hours of after school programs and a total of at least 15 hours of services per week. Programs will be tailored to resident needs. Services will be provided by an on-site services coordinator and will include social services and enrichment programs. SHRA staff has reviewed LifeSTEPS qualifications and the resident services plan and has found that the proposed resident services provider and resident services plan meet SHRA requirements.

Relocation Plan: SHRA has reviewed and approved the relocation plan for the Villa Jardin site.

Security Plan: SHRA staff has reviewed and approved the security plan, which includes security patrol and installation of web-based security cameras and exterior lighting.

Project Financing: The Developer applied to SHRA for a \$500,000 City Housing Trust Fund predevelopment loan and a \$2,800,000 construction and permanent gap financing loan comprised of \$1,400,000 in State Department Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF), or if not awarded HCD LHTF, \$1,400,000 of Mixed Income Housing Funds, and \$1,400,000 in City Housing Trust Funds.

The financing structure of the proposed Villa Jardin and Coral Gables development includes competitive new SHRA loan funds, HCD Multifamily Housing Program funds, tax-exempt mortgage revenue bonds, four percent Low Income Housing Tax Credits, Housing Authority Seller Carryback loan, an existing SHRA HOME Investment Partnerships Program (HOME) loan, conventional loan, deferred developer fee, general partnership capital contribution and fee waivers.

A summary of the new Housing Authority and SHRA financing is provided in the below chart:

Agency Funding Source	Amount
Coral Gables Seller Carryback Loan:	
Housing Authority Land Loan	\$210,000
SUB-TOTAL	\$210,000
Coral Gables Predevelopment Loan:	
Housing Trust Funds (HTF) Loan	\$500,000
SUB-TOTAL	\$500,000
Villa Jardin and Coral Gables Construction and Permanent Financing Loan	
HCD Local Housing Trust Fund (LHTF) ¹	\$1,400,000
HTF Loan	\$1,400,000
SUB-TOTAL	\$2,800,000
TOTAL HOUSING AUTHORITY AND SHRA LOANS	\$3,510,000

¹On April 30, 2020, HCD announced a Notice of Funding Availability for the LHTF Program. HCD awards LHTF funds to match the City of Sacramento's Housing Trust Funds. On July 14, 2020, Council approved SHRA to submit a LHTF application to HCD.

In addition, SHRA has committed a total of 38 PBV to this Project. Project Based Vouchers are awarded in accordance with the Agency's administration of the Housing Choice Voucher Program as authorized by section 8(o)(13) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) and is based on the Public Housing Authority's Annual Plan. The Plan is approved annually by the federal Department of Housing and Urban Development (HUD). Funding sources and uses and cash flow for Villa Jardin and Coral Gables are included in Attachments 5 and 6. If the Villa Jardin and Coral Gables Project is successfully awarded tax credits in 2021, construction would be complete within two years after all financing is secured.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits, federal law requires that rental units be set aside for targeted-income groups. Income restrictions from LIHTC financing require that no households have income above 60 percent of Area Median Income (AMI). The Agency further requires that 15 percent of the units be restricted to households with incomes no greater than 50 percent AMI and at least 5 percent of the units be restricted to households with incomes no greater than 30 percent AMI. The affordability restrictions will be specified in regulatory agreements with the Developer. A schedule of maximum income and rents are included as Attachment 7. The anticipated funding sources and their affordability requirements are summarized in the tables below for each phase of the development:

Unit Type	Units	% of Units	Affordability Restriction¹
4% LIHTC, tax exempt bonds and MHP	38	47%	Extremely Low Income 25% of Area Median Income (AMI)
4% LIHTC, tax exempt bonds, MHP, HCD HTF (or MIHF) and HTF	20	24%	Very Low Income 30% of AMI

4% LIHTC, tax exempt bonds, City HTF and HOME	23	28%	Very Low Income 50% of AMI
Exempt	1	1%	Management Unit
Total	82	100%	

¹Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits; the tenant rent will not exceed 30% of the household adjusted gross income with PBV.

Policy Considerations: The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies (Policies), Priority 2(i) - New Construction of Permanent Supportive Housing and Homeless Housing, Priority 2(iii) - Workforce Housing and Priority 3 - Rehabilitation of Existing Housing; and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.2.9, in part, Workforce Housing; H-1.3.2 Economic integration of multifamily affordable housing projects; H-2.2.4, the City shall pursue and maximize the use of all appropriate state, federal, local and private funding for the development, preservation, and rehabilitation of housing affordable for extremely low-, very low-, low-, and moderate income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9 Prioritization of Special Needs Housing, such as chronically homeless individuals or families for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2013-415).

Economic Impacts: This multifamily residential project is expected to create 187.82 total jobs (105.44 direct jobs and 82.38 jobs through indirect and induced activities) and create \$16,475,325 in total economic output (\$10,125,043 of direct output and another \$6,350,282 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

Environmental Considerations:

California Environmental Quality Act (CEQA): The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA pursuant CEQA Guidelines §15332, "infill development projects".

National Environmental Policy Act (NEPA): An Environmental Assessment (EA) is being prepared pursuant to the National Environmental Policy Act (NEPA), and it is anticipated that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. NEPA review will be completed prior to taking any choice-limiting action.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, the Project will advance the following goals, policies, and targets that will directly or indirectly conserve

energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element - Strategies and Policies for Conserving Energy Resources - Climate Action Plan, subsection 7.2: improving the energy efficiency in new buildings; and b) Environmental Resources - Air Quality and Climate Change subsection 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

Commission Action: At its July 15, 2020 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and are consistent with SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies and the City of Sacramento's 2013-2021 Housing Element.

Financial Considerations: SHRA will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and a \$25,000 annual payment for monitoring the regulatory restrictions and administration of the bonds and the affordable units for the 55-year term. The SHRA and Housing Authority loans will be used for the acquisition, construction, rehabilitation and permanent financing. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. The mortgage revenue bonds do not represent a financial obligation of SHRA, Housing Authority, or City of Sacramento.

LBE - M/WBE and Section 3 requirements: Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with the Agency's Section 3 Economic Opportunity Plan. The Developer and general contractor will work with the Agency's Section 3 Administrator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities. Local Business Enterprise requirements do not apply to this report.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director




Attachments

- 1-Description/Analysis
- 2-Vicinity Map
- 3-Rendering of Coral Gables and Picture of Villa Jardin
- 4-Site Plan
- 5-Residential Project Summary
- 6-Cash Flow Proforma
- 7-Maximum Income and Rent Limits
- 8-Council Resolution - TEFRA
- 9-Council Resolution Predevelopment Loan Documents and Loan Commitment
- 10-Exhibit A - Predevelopment Loan Documents for Coral Gables
- 11-Exhibit B - Loan Commitment for Villa Jardin and Coral Gables
- 12-Exhibit C - Assignment and Assumption Commitment for Existing Loan to Villa Jardin
- 13-Exhibit D - Assignment and Assumption Commitment for Predevelopment Loan to Coral Gables
- 14-Housing Authority Resolution - Inducement
- 15-Housing Authority Resolution - Disposition and Development Agreement
- 16-Exhibit A - Disposition and Development Loan Documents



Map Location



-  Project Area
-  Villa Jardin (Existing Affordable Housing Development)
-  49, 63, and 81 Coral Gables Court (Vacant)



SHRA GIS
June 8, 2020

Coral Gables and Villa Jardin

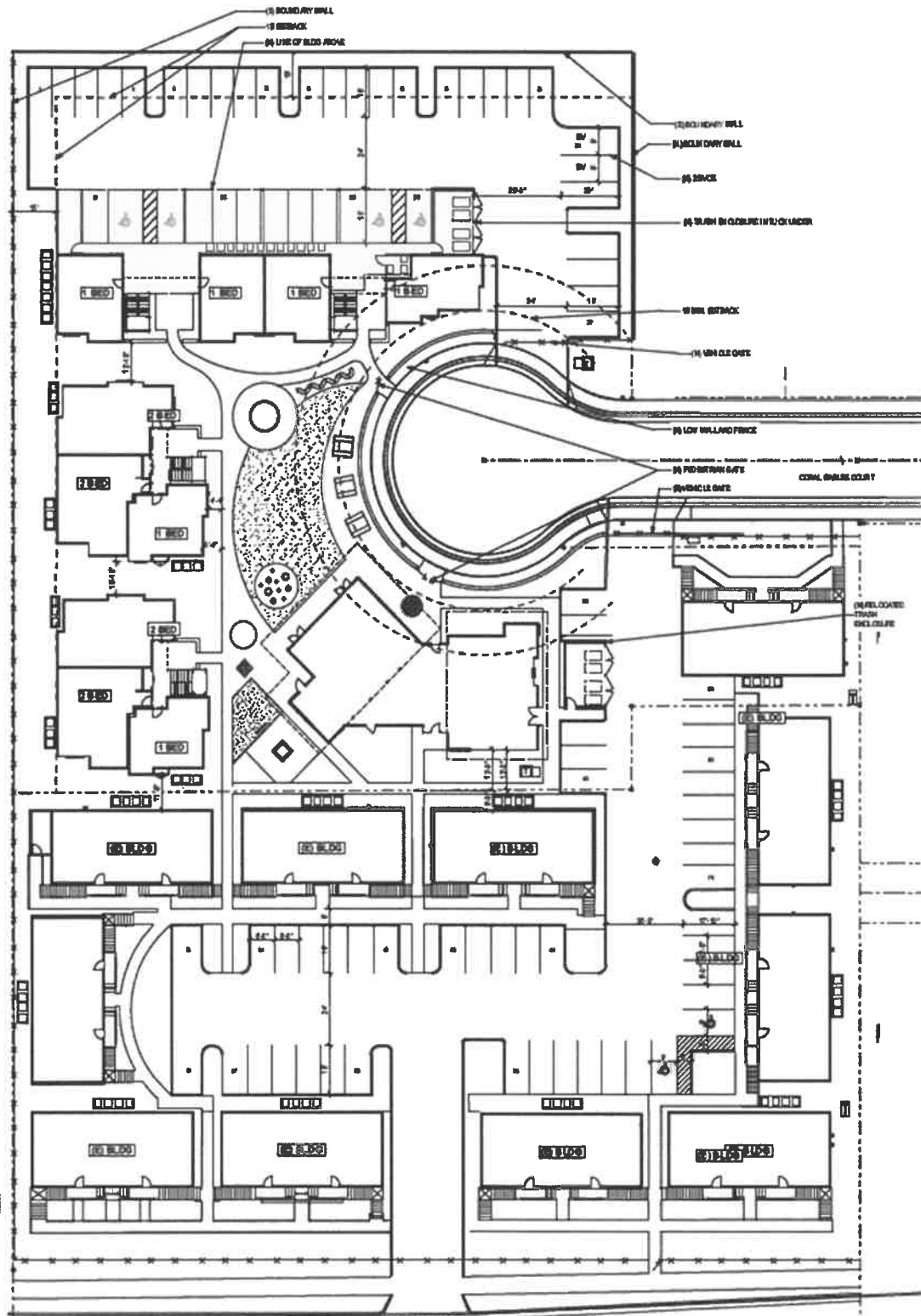
Renderings of Coral Gables (New Construction Site on Vacant Lot)



Picture of Villa Jardin (Rehabilitation)



Coral Gables and Villa Jardin Site Plan



2015 K Street
Sacramento, CA 95811
(916) 443-1033
mogaveroarchitects.com

CORAL GABLES & VILLA JARDIN
48 Coral Gables Ct.
Beverly Hills, CA 90210

SITE PLAN

SCHEMATIC DESIGN
02-13-2020

**Coral Gables and Villa Jardin
Residential Project Summary**

Address	Coral Gables: 49, 63, 81 Coral Gables Court Villa Jardin: 2621 Meadowview Road, Sacramento 95832 82 (Coral Gables: 38 and Villa Jardin: 44) New Construction and Rehabilitation			
Number of Units				
Year Built				
Acreage (combined)	2.32 acres/101,059 SF (Coral Gables: 0.87 acres and Villa Jardin: 1.45 acres)			
Unit Mix and Rents	<u>ELI (25% AMI) PBV</u>	<u>ELI (30% AMI)</u>	<u>LI (50% AMI)</u>	<u>Total</u>
1 Bedroom/1 Bath	18	0	0	18
2 Bedrooms/1 Bath	20	20	23	63
Management Unit (2 Bedroom)	0	0	0	1
Total Units	38	20	23	82
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
1 Bedroom/1 Bath	600	10,800	sq. ft.	
2 Bedrooms/1 Bath	770	49,280	sq. ft.	
Community Area		3,000	sq. ft.	
Total Gross		63,080	sq. ft.	
Resident Facilities	There will be a management office, community room and conference rooms. Community amenities include a playground for school aged youth, courtyard, vehicle parking spaces and bike storage.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Senior Loan	1,600,000	19,512	25.36	
Federal Tax Credit Equity	11,280,289	137,565	178.83	
SHRA Loan	2,800,000	34,146	44.39	
SHRA Predevelopment Loan	500,000	6,098	7.93	
SHRA Existing Loan	2,738,355	33,395	43.41	
HACS Seller Carryback Loan	210,000	2,561	3.33	
HCD MHP	11,500,000	140,244	182.31	
Deferred Developer Fee	250,000	3,049	3.96	
GP Capital Contribution	1,411,656	17,215	22.38	
Net Operating Income	7,000	85	0.11	
Fee Waivers	185,000	2,256	2.93	
TOTAL SOURCES	\$ 32,482,300	\$ 396,126	\$ 514.94	
Permanent Uses				
Acquisition	3,801,413	46,359	60.26	
Construction Costs	16,475,325	200,919	261.18	
Architecture & Engineering	1,111,000	13,549	17.61	
Permits & Fees	500,386	6,102	7.93	
Hard Cost Contingency	2,649,779	32,314	42.01	
Soft Cost Contingency	160,000	1,951	2.54	
Financing Cost	2,014,973	24,573	31.94	
Operating Reserve	457,515	5,579	7.25	
Rent Reserve	541,304	6,601	8.58	
Legal Fees	282,640	3,447	4.48	
Relocation	220,000	2,683	3.49	
Developer Fee	3,478,670	42,423	55.15	
Third Party Fees, Marketing, Other	789,295	9,626	12.51	
TOTAL USES	\$ 32,482,300	\$ 396,126	\$ 514.94	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 73,638	\$ 396,126	SHRA : Other	
			\$1.00 : \$5.38	
Management / Operations				
Proposed Developer	The John Stewart Company			
Property Management Company	The John Stewart Company			
Operating Expenses	\$ 317,905	\$ 3,877		
Property Management	\$ 46,855	\$ 571		
Resident Services	\$ 214,449	\$ 2,615		
Security Patrol Services	\$ 64,274	\$ 784		
Replacement Reserves	\$ 41,000	\$ 500		
Taxes and Insurance	\$ 21,196	\$ 258		

**Coral Gables and Villa Jardin
Cash Flow Proforma**

Attachment 6

Coral Gables and Villa Jardin																			
Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total No. Rent	Annual Rent	Year 11 2033	Year 12 2034	Year 13 2035	Year 14 2036	Year 15 2037					
Coral Gables (38 units):																			
1 Bedroom/1 Bath @ 25% AMI (PBV)	18	600	10,800	\$ 405	\$ 61	\$ 344	\$ 0.57	\$ 6,192	\$ 74,304										
2 Bedroom/1 Bath @ 25% AMI (PBV)	11	770	8,470	\$ 485	\$ 76	\$ 409	\$ 0.53	\$ 4,489	\$ 53,088										
2 Bedroom/1 Bath @ 30% AMI	9	770	6,930	\$ 582	\$ 76	\$ 506	\$ 0.66	\$ 4,584	\$ 54,948										
Villa Jardin (44 units):																			
2 Bedroom/1 Bath @ 25% AMI (PBV)	9	770	6,930	\$ 485	\$ 76	\$ 409	\$ 0.53	\$ 3,681	\$ 44,172										
2 Bedroom/1 Bath @ 30% AMI	11	770	8,470	\$ 582	\$ 76	\$ 506	\$ 0.66	\$ 5,588	\$ 66,792										
2 Bedroom/1 Bath @ 50% AMI	23	770	17,710	\$ 971	\$ 76	\$ 895	\$ 1.16	\$ 20,585	\$ 247,020										
2 Bedrooms/1 Bath - Exempt Management Unit	1	770	770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -										
Totals	82	5,220	60,080	\$ -	\$ -	\$ -	\$ -	\$ 45,077	\$ 540,924										
Income																			
Potential Gross Income		2.50%		568,308	582,516	597,079	612,006	627,306	706,739	727,483	745,670	764,311	783,419	803,005					
Rental Subsidy		2.50%		402,230	412,285	422,993	433,157	443,986	502,330	514,888	527,760	540,954	554,478	568,340					
Other Income		2.50%		15,759	16,153	16,557	16,971	17,395	19,661	20,173	20,700	21,250	21,724	22,268					
Less Vacancy		5.00%		(49,315)	(50,548)	(51,811)	(53,107)	(54,434)	(61,589)	(63,127)	(64,702)	(66,323)	(67,981)	(69,681)					
Effective Gross Income				\$938,982	\$984,417	\$984,417	\$1,008,028	\$1,034,253	\$1,170,163	\$1,199,417	\$1,229,402	\$1,260,137	\$1,291,641	\$1,323,932					
Operating Expenses																			
Operating Expenses		3.50%	3,877	317,805	329,032	340,548	352,467	364,804	433,272	448,437	464,132	480,377	497,190	514,592					
Property Management		3.50%	571	46,855	48,495	50,183	51,949	53,768	63,859	66,094	68,407	70,802	73,280	75,845					
Resident Services		3.50%	2,815	214,449	221,954	229,723	237,763	246,085	292,271	302,501	313,098	324,046	335,388	347,127					
Security Patrol Services		3.50%	784	64,274	66,523	68,851	71,261	73,755	87,598	90,864	93,837	97,122	100,521	104,039					
Replacement Reserves		0.00%	500	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000					
Taxes/Insurance		2.00%	258	21,196	21,620	22,052	22,493	22,943	25,351	25,838	26,355	26,882	27,419	27,968					
Total Expenses			\$9,606	\$705,679	\$726,625	\$752,367	\$776,934	\$802,355	\$943,332	\$974,334	\$1,006,520	\$1,040,228	\$1,074,798	\$1,110,570					
Net Operating Income				\$231,304	\$257,792	\$232,050	\$231,093	\$231,899	\$226,831	\$224,883	\$222,582	\$219,909	\$216,843	\$213,362					
Debt Service																			
Senior Loan		4.75%	Amort 30	100,156	100,156	100,156	100,156	100,156	100,156	100,156	100,156	100,156	100,156	100,156					
HCD Monitoring Fee		0.42%		48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300					
SHRA Monitoring Fee		0.125%		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000					
Debt Service Subtotal				\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456	\$173,456					
Priority Distributions																			
Partnership Management Fee (LP)	\$5,000	3.00%		5,000	5,150	5,305	5,464	5,628	6,524	6,720	6,921	7,129	7,343	7,563					
Asset Management Fee (GP)	\$20,000	3.00%		20,000	20,600	21,218	21,855	22,510	26,095	26,878	27,685	28,515	29,371	30,252					
Priority Distributions Subtotal				\$25,000	\$25,750	\$26,523	\$27,316	\$28,138	\$32,619	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815					
Deferred Developer Fee																			
Principal Balance	\$250,000	3.00%		250,000	224,653	198,816	172,709	146,572	25,382	5,389	0	0	0	0					
Interest for Period				7,500	6,740	5,964	5,181	4,397	781	162	0	0	0	0					
Payment from Cash Flow				32,847	32,576	32,071	31,319	30,305	20,755	5,550	0	0	0	0					
Balance				\$224,653	\$198,816	\$172,709	\$146,572	\$120,664	\$5,389	\$0	\$0	\$0	\$0	\$0					
Net Cash after Deferred Fee and Available Capitalized Operating Reserve				\$0	\$0	\$0	\$0	\$0	\$12,278	\$14,520	\$10,609	\$6,673	\$2,091	\$0					
Investor Cash Flow																			
Residential NOI after Debt Service, Priority Distributions & Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$8,139	\$7,260	\$5,404	\$3,338	\$1,045	\$0					
MHP Loan																			
Principal Balance	\$11,500,000	3.00%		11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000					
Interest for Period				345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000					
Accumulated Interest				345,000	690,000	1,035,000	1,380,000	1,725,000	3,450,000	3,795,000	4,135,022	4,476,318	4,817,816	5,160,654					
Payment				0	0	0	0	0	0	0	0	0	0	0					
Balance				\$11,845,000	\$12,190,000	\$12,535,000	\$12,880,000	\$13,225,000	\$14,950,000	\$15,291,022	\$15,631,318	\$15,972,816	\$16,315,654	\$16,659,977					
SHRA Existing Loan																			
Principal Balance	\$2,738,355	3.00%		2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355	2,738,355					
Interest for Period				82,151	82,151	82,151	82,151	82,151	82,151	82,151	82,151	82,151	82,151	82,151					
Accumulated Interest				82,151	164,301	246,452	328,603	410,753	821,507	903,657	984,808	1,065,959	1,147,208	1,228,844					
Payment				0	0	0	0	0	0	0	0	0	0	0					
Balance				\$2,820,506	\$2,902,656	\$2,984,807	\$3,066,958	\$3,149,108	\$3,559,662	\$3,641,813	\$3,722,965	\$3,803,412	\$3,885,048	\$3,967,038					
SHRA New Loan																			
Principal Balance	\$3,300,000	3.00%		3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000					
Interest for Period				99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000					
Accumulated Interest				99,000	198,000	297,000	396,000	495,000	990,000	1,089,000	1,188,000	1,287,000	1,386,000	1,485,000					
Payment				0	0	0	0	0	0	0	0	0	0	0					
Balance				\$3,399,000	\$3,498,000	\$3,597,000	\$3,696,000	\$3,795,000	\$4,200,000	\$4,397,000	\$4,595,000	\$4,793,000	\$4,991,000	\$5,189,000					
HACS Seller Call/Back Loan																			
Principal Balance	\$210,000	3.00%		210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000					
Interest for Period				6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300					
Accumulated Interest				6,300	12,600	18,900	25,200	31,500	63,000	69,300	75,600	81,900	88,200	94,500					
Payment				0	0	0	0	0	0	0	0	0	0	0					
Balance				\$216,300	\$222,600	\$228,900	\$235,200	\$241,500	\$273,000	\$279,300	\$285,600	\$291,900	\$298,200	\$304,500					
Net Cash After Loan Repayments				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					

MAXIMUM GROSS INCOME AND RENT LIMITS 2020

Low Income Housing Tax Credits, Multifamily Housing Revenue Bonds,
California Department of Housing and Community Development Local Housing Trust Fund Program and
Multifamily Housing Program, City Housing Trust Funds, Mixed Income Housing Fund and Project Based Vouchers

Coral Gables and Villa Jardin**Maximum Gross Income Limits**

<u>Household Size</u>	<u>25% AMI</u>	<u>30% AMI</u>	<u>50% AMI</u>
1 person	\$15,125	\$18,150	\$30,250
2 person	\$17,275	\$20,730	\$34,550
3 person	\$19,425	\$23,310	\$38,850
4 person	\$21,575	\$25,890	\$43,150
5 person	\$23,325	\$27,990	\$46,650

Maximum Gross Rent Limits¹

<u>Unit Size</u>	<u>25% AMI</u>	<u>30% AMI</u>	<u>50% AMI</u>
1 bedroom	\$405	\$486	\$810
2 bedroom	\$485	\$582	\$971

¹Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits; the tenant rent will not exceed 30% of the household adjusted gross income with PBV.

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

on date of

VILLA JARDIN AND CORAL GABLES: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF VILLA JARDIN/CORAL GABLES, L.P.

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$26,000,000 (the "Obligations") and to lend the proceeds thereof to Villa Jardin/Coral Gables, L.P., or a partnership of which The John Stewart Company (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance (i) the acquisition and rehabilitation of a 44-unit multifamily rental housing facility known as Villa Jardin, located at 2621 Meadowview Road in the City of Sacramento, in an amount not to exceed \$12,000,000 and (ii) the acquisition, construction and development of a 38-unit multifamily rental housing facility to be known as Coral Gables, to be located at 49, 63 and 81 Coral Gables Court in the City of Sacramento, in an amount not to exceed \$14,000,000; and
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice; and
- C. A public hearing was held by the City Council on July 28, 2020, following duly published notice thereof, and all persons desiring to be heard have been heard; and
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$26,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

July 28, 2020

VILLA JARDIN AND CORAL GABLES: APPROVAL OF A PREDEVELOPMENT LOAN COMPRISED OF \$500,000 IN CITY HOUSING TRUST FUNDS; APPROVAL OF \$2,800,000 LOAN COMMITMENT COMPRISED OF \$1,400,000 IN CALIFORNIA STATE DEPARTMENT HOUSING AND COMMUNITY DEVELOPMENT (HCD) LOCAL HOUSING TRUST FUND PROGRAM (LHTF), OR IF NO AWARDED, \$1,400,000 IN MIXED INCOME HOUSING FUNDS AND \$1,400,000 IN CITY HOUSING TRUST FUNDS; EXECUTION OF PREDEVELOPMENT LOAN, LOAN COMMITMENT, ASSIGNMENT AND ASSUMPTION COMMITMENTS AND RELATED DOCUMENTS WITH THE VILLA JARDIN/CORAL GABLES, L.P., OR A PARTNERSHIP OF WHICH THE JOHN STEWART COMPANY (DEVELOPER) OR A RELATED ENTITY TO THE DEVELOPER IS THE GENERAL PARTNER; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The Villa Jardin/Coral Gables, L.P., or a partnership of which The John Stewart Company (Developer) or a related entity to the Developer is the general partner, has applied to Sacramento Housing and Redevelopment Agency (SHRA) for an allocation of \$500,000 in City Housing Trust Funds (Predevelopment Loan) to assist in predevelopment financing of Coral Gables. The Developer also applied for \$1,400,000 in State Department Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTF) and \$1,400,000 in City Housing Trust Funds to assist in funding the construction and permanent financing of Villa Jardin and Coral Gables permanent supportive/homeless and workforce housing development (Project).
- B. On July 14, 2020, Sacramento City Council (Council) approved Sacramento Housing and Redevelopment Agency (SHRA) to submit a LHTF application to HCD. In the event SHRA is not awarded LHTF, SHRA will allocate \$1,400,000 in Mixed Income Housing Funds, subject to Council approval.
- C. The Developer applied to SHRA for Project Based Vouchers (PBVs) and was awarded 38 PBVs scattered between Villa Jardin and Coral Gables sites.
- D. The Villa Jardin and Coral Gables Project is consistent with a) SHRA's approved Policies, Priority 2(i) - New Construction of Permanent Supportive Housing and Homeless Housing, Priority 2(iii) - Workforce Housing and Priority 3 - Rehabilitation of Existing Housing; and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H- 1.2.9, in part, Workforce Housing; H-1.3.2 Economic integration of multifamily affordable housing projects; H-2.2.4, the City shall pursue and maximize the use of all appropriate state, federal, local and private funding for the development, preservation, and rehabilitation of housing affordable for extremely low-, very low-, low-, and moderate income households,

while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9 Prioritization of Special Needs Housing, such as chronically homeless individuals or families for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2013-415).

- E. The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA pursuant CEQA Guidelines §15332, "infill development projects".
- F. An Environmental Assessment (EA) is being prepared pursuant to the National Environmental Policy Act (NEPA), and it is anticipated that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. NEPA review will be completed prior to taking any choice-limiting action.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The Predevelopment Loan Documents (Exhibit A) for financing the predevelopment activities at the Coral Gables vacant site is comprised of \$500,000 in City Housing Trust Funds is approved, and the Sacramento and Redevelopment Agency (SHRA) is delegated authority to execute and transmit the Predevelopment Loan Documents to Villa Jardin/Coral Gables, L.P., or a partnership of which The John Stewart Company (Developer) or a related entity to the Developer is the general partner.
- Section 3. The Loan Commitment (Exhibit B) for financing the Villa Jardin and Coral Gables Project with \$2,800,000, which is comprised of: (i) \$1,400,000 HCD Local Housing Trust Funds, or if not awarded, \$1,400,000 of Mixed Income Housing Funds; and (ii) \$1,400,000 in City Housing Trust Funds is approved, and SHRA is delegated authority to execute and transmit the Loan Commitment to the Developer.
- Section 4. The Assignment and Assumption Commitment for existing loan of the Villa Jardin site (Exhibit C) and predevelopment loan for the Coral Gables site (Exhibit D) are approved and SHRA is authorized to restructure and/or extend the existing debts and assign it to a new limited partnership formed by the Developer, extending the loans' maturity dates 57 years from the date of closing using a 3% interest rate.
- Section 5. SHRA is authorized to release outdated recorded restrictions associated with the original Villa Jardin loan as these restrictions will be superseded by more comprehensive, longer-term restrictions and covenants.

Section 6. SHRA is authorized to enter into and execute other documents, as approved to form by SHRA legal counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Predevelopment Loan Documents, Loan Commitment, and the Assignment and Assumption Commitments that accompany this resolution, in accordance with their terms, and to ensure proper repayment of the SHRA funds including without limitation, subordination, restructuring and extensions consistent with SHRA adopted policies and with this resolution.

Section 7. SHRA is authorized to amend the budget as follows: a) allocate up to \$500,000 in City Housing Trust Funds for the Coral Gables predevelopment loan; and b) allocate up to (i) \$1,400,000 HCD Local Housing Trust Funds, or if not awarded, \$1,400,000 of Mixed Income Housing Funds and (ii) \$1,400,000 in City Housing Trust Funds for the Villa Jardin and Coral Gables Project.

Section 8. This resolution shall take effect immediately upon its adoption.

Table of Contents:

Exhibit A - Predevelopment Loan Documents for Coral Gables

Exhibit B - Loan Commitment for Villa Jardin and Coral Gables

Exhibit C - Assignment and Assumption Commitment for Existing Loan to Villa Jardin

Exhibit D - Assignment and Assumption Commitment for Predevelopment Loan to Coral Gables

UNSECURED PREDEVELOPMENT LOAN AGREEMENT CORAL GABLES

“EFFECTIVE DATE”	August 1, 2020
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ARTICLE I TERMS AND DEFINITIONS:

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan, as the context may indicate.) Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

A. “Loan Information” The general loan provisions of the Loan		
“LENDER”	The following public agency that is making the Loan, and whose legal status and address are:	
Name	Sacramento Housing and Redevelopment Agency	
Legal Status	A joint powers agency	
Principal Address	801 12 th Street, City of Sacramento, Sacramento County, California 95814	
“BORROWER”	The Borrower of the Loan funds whose name, legal status and address are:	
Name	Villa Jardin/Coral Gables, L.P.	
Legal Status	a California Limited Partnership	
Principal Address	1388 Sutter Street, 11th Floor San Francisco, CA 94109	
“LOAN”	The Loan made by this Loan Agreement.	
“LOAN PROGRAM”	Lender’s Loan Program, commonly known as	City Housing Trust Fund (HTF)
“LOAN AMOUNT”	\$500,000.00 (Five Hundred Thousand Dollars and No Cents)	
“INTEREST RATE”	None (0.00%)	
“DISBURSEMENT TERMS”	<p>Lender shall make the loan disbursement under this Loan Agreement when the following conditions precedent stated in Section 7 have been met:</p> <p>Borrower has presented invoices or similar documentation from third party contractors for actual costs of the Project, and is more particularly described in the Lender approved budget dated June 19, 2020.</p>	
“MATURITY DATE”	<p>The maturity date for the Loan shall be the date which is the earlier to occur of: (i) July 31, 2023; or (ii) the close of a construction and permanent loan from Lender to Borrower for the Villa Jardin/Coral Gables affordable housing project (“Construction Loan”). Upon Borrower’s satisfaction of all conditions precedent to the funding of that Construction Loan for the Property, all funds advanced by Lender pursuant to this Loan Agreement and the Note not yet repaid to Lender shall become part of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, the Note will be cancelled.</p>	
“PAYMENT START DATE”	The payment shall be in lump sum on the Maturity Date.	

"PAYMENT SCHEDULE"	The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges.	
"BORROWER EQUITY"	None required as a condition of this Loan.	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
"SPECIAL TERMS"	The Loan shall be unsecured and may be prepaid without penalty at any time.	
"PROJECT"	Which is the Project to be developed on the Property with the Loan funds, more particularly described in the DDA (as defined in Section 3.2):	The Project is limited to the following predevelopment activities: obtaining appraisals, architectural drawings, engineering, environmental testing and reports, planning, market studies necessary to determine the feasibility of the project and to obtain financial commitments, and other predevelopment activities all subject to Lender's prior written approval.

B. "PROPERTY" The following described real property, which is the site of the Project:

The Loan is unsecured, there is no collateral for repayment of the Loan, and the Property is not collateral for the Loan

Address	49 Coral Gables Ct Sacramento CA 95822 63 Coral Gables Ct Sacramento CA 95822 81 Coral Gables Ct Sacramento CA 95822
Assessor's Parcel Number	049-0250-027 049-0250-028 049-0250-035
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit 1: Legal Description attached and incorporated by reference.
Borrower's Title Interest	None

C. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):

EXHIBIT	DEFINED TERM
Exhibit 1: Legal Description	"Legal Description"
Exhibit 2: Note Form	"Note"

D. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval

Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws.

Budget for use of the Loan proceeds.

F. "ASSIGNED DOCUMENTS" Borrower assigns the following documents to Lender

Subject to the interests of any senior lender, all lease and rental agreements for the Property, or any part of it.

ARTICLE II LOAN PROVISIONS

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I General Terms and as defined in Section 1 of this Article II Loan Provisions. (Terms being defined are indicated by quotation marks.) Lender is making the Loan pursuant to the Loan Commitment and the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

1. DEFINITIONS. As used in this Loan Agreement, the following terms shall have the following meanings:

1.1. "Business Day" means regularly scheduled business day of Lender. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

1.2. "Default Rate" is the maximum legal interest rate.

1.3. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Note, and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan.

1.4. "Financial Statements" means the financial statements of Borrower (and any other persons on whose financial capacity Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

1.5. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

1.6. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

1.7. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

1.8. "Loan Agreement" means this Loan Agreement including Article I and II, all Exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

1.9. "Loan Documents" means the Note, this Loan Agreement, and all other documents evidencing, securing, or relating to the Loan.

1.10. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

1.11. "Loan Proceeds" means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

1.12. "Note" means that certain promissory note evidencing the Loan and attached hereto as **Exhibit 2**.

1.13. "Permanent Lender" is the lender for the Permanent Loan.

1.14. "Permanent Loan" means the permanent financing obtained by Borrower.

1.15. "Person" means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

1.16. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

1.17. "Project" means the Property as developed for the use stated in Article I, including, without limitation, all existing buildings, improvements, and appurtenances on the Property, all work of demolition and rehabilitation to be conducted on the Property, and all improvements, additions, and replacements constructed or placed at any time on the Property.

2. BORROWER'S REPRESENTATIONS AND WARRANTIES. As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Effective Date, as follows:

2.1. LEGAL ORGANIZATION. Borrower is duly formed and validly exists in the form stated in Article I, is qualified to do business in California, and has full power to consummate the transactions contemplated.

2.2. BORROWER'S POWERS. Borrower has full power and authority to execute this Loan Agreement, the Note, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

2.3. BINDING OBLIGATION. This Loan Agreement, the Note, and each of the other Loan Documents constitute a legal and binding obligation of, and is valid and enforceable against, each party other than Lender, in accordance with the terms of each.

2.4. LITIGATION. There are no actions, suits, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

2.5. NO VIOLATION. The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which Borrower or any of its general partners is a party or by which it or they or, to the best of Borrower's knowledge the Property, may be bound or affected.

2.6. NO DEFAULT. There is no Event of Default or Potential Default on the part of Borrower.

2.7. NO UNAPPROVED LOANS. Borrower has not received financing for the Project except as has been specifically disclosed to and approved by Lender in writing.

2.8. TAXES PAID. Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

2.9. ACCURACY. All applications, Financial Statements, reports, documents, instruments, information, and forms of evidence delivered to Lender by or on behalf of Borrower concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

3. BORROWER'S COVENANTS AND CONDITIONS. From the Effective Date until payment and performance in full of all obligations of Borrower under this Loan Agreement, the Note, and the other Loan Documents in accordance with the terms of this Loan Agreement, the Note, and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

3.1. USE OF LOAN PROCEEDS. Borrower shall use Loan Proceeds solely for pre-development costs associated with the rehabilitation and new construction of Coral Gables;

3.2. ASSIGNMENT OF PREDEVELOPMENT WORK PRODUCT. The Loan is being made by Lender in conjunction with that certain Disposition and Development Agreement by and between the Housing Authority of the City of Sacramento and Borrower dated as of [even date herewith] (the "DDA") to develop the vacant lots of Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento. If the project contemplated by the DDA does not proceed, all rights, title and interests, but not its obligations, in the work product, including but not limited to, obtaining appraisals, architectural drawings, engineering, environmental testing and reports, planning, market studies necessary to determine the feasibility of the project and to obtain financial commitments, and other predevelopment activities subject to Lender's written approval (individually and collectively, the "Work Product"), shall thereafter be automatically and irrevocably assigned to Lender in its entirety for the benefit of Lender. Borrower shall not make, or cause to be made, any amendments to the Work Product, without the prior written consent of Lender. Borrower shall allow all contracts for the Work Product be subject to the approval of Lender for its underwriting purposes; shall allow Lender to take advantage of all the rights and benefits of the contracts upon any Event of Default by Borrower; and shall ensure and submit evidence to Lender that the contractors hired to produce the Work Product will permit Lender to acquire Borrower's interest in such contracts without additional charge or fee beyond payment of the contract price. Lender agrees that it shall provide timely review of any Work Product so as not to delay the commencement and progress of Project development. Upon assignment and delivery of the Work Product to Lender,

Borrower's obligations under this Loan Agreement shall be satisfied, the Loan, including all accrued and unpaid interest, shall be deemed paid in full and this Loan Agreement shall be terminated.

4. **LOAN.** Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount, to finance the purposes and uses of pre-developing the Project subject to the terms, conditions, representations, warranties, and covenants, all as stated in this Loan Agreement.

4.1. **PRINCIPAL AMOUNT.** The principal amount of the Loan shall be the Loan Amount.

4.2. **USE OF LOAN FUNDS.** Loan funds shall be used only for purposes specified in this Loan Agreement.

4.3. **LOAN TERMS.** The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

4.4. **NOTE.** The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon execution by Borrower.

5. **PERFORMANCE CONDITIONS.** The following are conditions precedent to performance under this Loan Agreement:

5.1. **CONDITIONS TO LENDER'S PERFORMANCE.** Lender's obligation to perform under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the applicable Special Provisions, if any; (c) Borrower's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement and as of Loan disbursement; (d) this Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under this Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under this Loan Agreement; and (f) Lender has approved the Approval Documents.

5.2. **CONDITIONS TO BORROWER'S PERFORMANCE.** Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender's representations and warranties in this Loan Agreement are correct as of the date of this Loan Agreement; and (d) no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under this Loan Agreement.

6. **COMMISSIONS.** Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

7. **CONDITIONS PRECEDENT TO LOAN DISBURSEMENT.** The obligation of Lender to make any disbursements of Loan Proceeds shall be subject to the following conditions precedent:

7.1. No Event of Default or Potential Default of Borrower has occurred and is continuing;

7.2. The representations and warranties in the Loan Documents are correct as of the date of the requested disbursement;

7.3. Borrower has paid Lender all fees, if any, then due to Lender, and Borrower has submitted to, and Lender has approved in writing, all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement;

7.4. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents;

7.5. There is no legal action threatened or pending against Borrower or, if Borrower has acquired the Property affecting the Property;

7.6. If Borrower has obtained a loan commitment from a financial institution (or other lender approved by Lender in its sole discretion) to make the Permanent Loan, Lender has approved the loan commitment. For Lender to approve such commitment it must provide (a) that Lender will have notice of, and a reasonable opportunity to cure, any Borrower defaults, and (b) it does not require any change in the Loan or Loan Documents;

7.7. Borrower has provided proof of all insurance required by this Loan Agreement.

8. **MAKING DISBURSEMENT.** Lender shall make disbursement as provided in the Disbursement Terms.

9. **DEFAULTS.** At the option of Lender, each of the following events that remains uncured upon the expiration of any applicable notice and cure periods will constitute a default (each an "Event of Default"):

9.1. Failure to comply with the terms of the Loan Documents, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have thirty (30) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion;

9.2. Borrower fails to make any payment under the Loan due at Maturity Date;

9.3. Borrower's failure to comply with any Governmental Requirement, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; provided, however that Borrower's right to challenge the Governmental Requirement is not abridged;

9.4. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the Project that is necessary to allow Borrower to perform any obligations under the Loan Documents, unless Borrower has renewed the same or otherwise cured the lapse prior to Lender's issuance of a notice of the default;

9.5. If and after Borrower acquires the Property, the filing of any lien against the Property, if the claim of lien continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender; and

9.6. If and after Borrower acquires the Property, the attachment, levy, execution, or other judicial seizure of any portion of the Property, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

10. REMEDIES

10.1. **OPTION TO ACT.** At any time upon or after the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

10.1.1. Terminate its obligation to make disbursements;

10.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due;

10.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies;

10.1.4. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement;

10.1.5. Make any unauthorized payment from Loan Proceeds or other funds of Lender that may be reasonably necessary to protect Lender's rights under this Loan Agreement; and

10.1.6. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the Default Rate from the date the funds were spent until repaid.

11. RIGHTS CUMULATIVE, NO WAIVER. All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

11.1. DISCLAIMER. Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable for the continuation or protection of the Project; the payment of any expense incurred in connection with the exercise of any remedy available to Lender or the Project; or the performance or nonperformance of any other obligation of Borrower.

12. LIABILITY INSURANCE. With regard to this Loan Agreement, Borrower shall obtain and maintain, and require the contractor and subcontractors for the Project to obtain and maintain such insurance as will protect them, respectively, from the following claims which may result from the operations of Borrower, any contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable: (a) claims under workers' compensation benefit acts; (b) claims for damages because of bodily injury, occupational sickness or disease, or death of his employees; (c) claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees; (d) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by Borrower, or (2) by any other person; claims for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; (e) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and (f) claims for contractual liability arising from Borrower's obligations under this Loan Agreement.

12.1. LIABILITY INSURANCE POLICY LIMITS. Borrower shall assure that the insurance required by this Section shall be written with a deductible of not more than \$100,000, and for limits of liability which shall not be less than the following:

12.1.1. WORKER'S COMPENSATION. Borrower shall obtain and maintain worker's compensation coverage which shall be written for the statutory limits as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's liability of not less than \$1,000,000;

12.1.2. COMPREHENSIVE GENERAL LIABILITY. Borrower shall obtain and maintain commercial general liability coverage shall include premises-operations, independent contractor's protective, products and completed operation (for four years), broad form property damage, and contractual liability coverage (or such other substantially similar coverage as may be approved by Lender Counsel). Such insurance shall have limits of liability which are not less than \$1,000,000, each occurrence, for bodily injury coverage; \$5,000,000 aggregate, for products and completed operations coverage; \$5,000,000 each occurrence for property damage coverage, single limit and aggregate; and which is the same as the foregoing coverages;

12.1.3. COMPREHENSIVE AUTOMOBILE LIABILITY. Borrower shall obtain and maintain comprehensive automobile liability coverage for any vehicle used for, or in connection with, the Project (owned, non-owned, hired, leased) having a combined single limit of not less than \$1,000,000;

12.1.4. CONTRACTUAL LIABILITY. Borrower shall obtain and maintain contractual liability for coverage for (a) bodily injury of not less than \$1,000,000 per occurrence limit and \$1,000,000 general aggregate limit, (b) property damage

of not less than \$1,000,000 per occurrence limit and \$1,000,000 general aggregate limit, and (c) personal injury (with Employment Exclusion deleted) of not less than \$1,000,000 general aggregate limit;

12.1.5. PERSONAL INJURY. Borrower shall obtain and maintain contractual liability for coverage for bodily injury of \$1,000,000 for each occurrence;

12.1.6. FIRE, HAZARD AND EXTENDED COVERAGE INSURANCE. If and after Borrower acquires the Property, Borrower shall obtain and maintain fire and hazard insurance to the full insurable value of the Property with endorsements of extended coverage, vandalism, and malicious mischief, and with such other endorsements and in such amounts as Lender may reasonably require to protect the Project. In the event of damage to the Project and subject to the requirements of Lender, Borrower shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

12.2. INSURANCE PROVISIONS. Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date. If an endorsement cannot be obtained, Borrower shall provide such notice at least thirty (30) days prior to its effective date.

12.3. FAILURE TO MAINTAIN. If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, Lender shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to Lender. If Borrower fails to reimburse Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

13. MISCELLANEOUS

13.1. NONRECOURSE. Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, a Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

13.2. FEDERAL REQUIREMENTS. If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender shall fully cooperate with, and assist Borrower in fulfillment of such obligations. If Lender, as a result of actions of Borrower, shall be obligated to repay the Loan Program any amount of the Loan Proceeds, Borrower shall make such repayment on account of Lender and failure to do so shall be an Event of Default.

13.3. NATURE OF REPRESENTATIONS AND WARRANTIES. Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower, will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

13.4. NO WAIVER. No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

13.5. NO THIRD PARTIES BENEFITED. This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to funds of Lender or held by Lender on account of this Loan.

13.6. NOTICES. Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices shall be given in accordance with law. Notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above by one or more of the following methods, unless otherwise required by law.

(a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

(b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

(c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

(d) Telecopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given or to such other address as Borrower or Lender may respectively designate by written notice to the other.

13.7. ACTIONS. Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and Lender is authorized to disburse funds from any account for that purpose. This Section does not apply to actions or proceedings between the parties.

13.8. ASSIGNMENT. The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due without the prior written consent of Lender, in Lender's sole discretion. However, if there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications. Lender may at any time assign the Loan Documents and its interest in any accounts to any political subdivisions or successor in interest to Lender, provided that the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents.

13.9. PREPAYMENT. Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

13.10. NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE. Borrower acknowledges, understands, and agrees as follows:

13.10.1. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect, supervise, pass judgment on, or inform Borrower of the quality, adequacy, or suitability of the Project work, except as to matters which are made mandatory on Lender by the Loan Documents.

13.10.2. Lender will not be responsible or liable to Borrower for any loss or damage of any kind to person or property whether suffered by Borrower or any other person or group of persons or for negligent, faulty, inadequate, or defective building or construction, and Borrower will hold Lender harmless from any liability, loss, or damage for these things.

13.11. **CONTROLLING LAW; VENUE.** The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California.

13.12. **CONSENTS AND APPROVALS.** All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

13.13. **SURVIVAL OF WARRANTIES AND COVENANTS.** The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Loan has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Indebtedness or the termination of any Loan Document.

13.14. **LOAN EXPENSES.** Borrower will pay directly any expenses related to the Loan, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, and all amendments to the Loan Documents requested by Borrower; and (ii) the enforcement of any rights or remedies under the Loan Documents. All costs and expenses, together with interest at the Interest Rate, will be added to the principal balance of the Loan.

13.15. **NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

13.16. **AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

13.17. **TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Indebtedness owing by Borrower to Lender.

13.18. **COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

13.19. **SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

13.20. **CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

13.21. **INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees (collectively, "Liabilities") that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any

obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, the Project, or any portion of them; provided, however, that Borrower's obligations hereunder shall not apply to the extent any Liabilities arise from the negligent act or willful misconduct of Agency. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note.

13.22. FURTHER ASSURANCES. At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents.

13.23. DISCLOSURE OF INFORMATION. If Lender elects to sell the Loan, Lender may forward to assignee of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

13.24. LENDER'S AGENTS. Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

13.25. INTEGRATION AND INTERPRETATION. The Loan Documents integrate all of the terms and conditions related or incidental to the Loan, and supersede all negotiations or previous agreements between the parties with respect to its subject matter. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

13.26. NUMBER, IDENTITY AND GENDER. When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the date first written above.

BORROWER:

VILLA JARDIN/CORAL GABLES, L.P.

By: JSCo Villa Jardin/Coral Gables, LLC,
a California limited liability company,
Administrative General Partner

By: John Stewart Company,
a California corporation,
its sole member and manager

By: _____
Jack D. Gardner, President & CEO

By: PacH Lancaster Holdings, LLC,
a California limited liability company, Managing
General Partner

By: Pacific Housing, Inc.,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Mark Wiese, President

LENDER:

**HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO, A PUBLIC BODY CORPORATE AND
POLITIC**

By: _____
LaShelle Dozier, Executive Director

Approved as to form:

Lender Counsel

Exhibit 1: Legal Description

The land referred to is situated in the County of Sacramento, City of Sacramento, State of California, and is described as follows:

PARCE ONE:

Parcel J, as shown on the "Parcel Map Guild Acres Unit No. 2", recorded in the office of the County Recorder of Sacramento County, on June 4, 1971, in Book 4 of Parcel Maps, Page 5.

APN: 049-0250-028-0000

PARCEL TWO:

Parcel I, as shown on the "Parcel Map Guild Acres Unit No. 2", recorded in the office of the County Recorder of Sacramento County, on June 4, 1971, in Book 4 of Parcel Maps, Page 5.

APN: 049-0250-027-0000

PARCEL THREE:

Lot W, as shown on the "Parcel Map Lot S of Amended Parcel Map of Lots K thru R of Parcel Map of Guild Acres Unit No. 2", recorded in the office of the County Recorder of Sacramento County on March 1, 1972, in Book 11 of Parcel Maps, Page 8.

APN: 049-0250-035-0000

Exhibit 2: Note Form

**PROMISSORY NOTE
FOR CORAL GABLES
UNSECURED PREDEVELOPMENT LOAN AGREEMENT**

BORROWER HAS MADE THIS PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
“Effective Date”	August 1, 2020
“Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Borrower”	Villa Jardin/Coral Gables, L.P.
“Borrower Legal Status”	a California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	\$500,000.00 (Five Hundred Thousand Dollars and No Cents)
“Interest Rate”	None (0.00%)
“Special Terms”	<ol style="list-style-type: none"> 1. The Loan shall be unsecured. 2. The Loan is a predevelopment loan and the loan proceeds shall be used solely for predevelopment costs associated with the new construction of Villa Jardin and Coral Gables. 3. The Loan is being made by Lender in conjunction with that certain Disposition and Development Agreement by and between the Housing Authority of the City of Sacramento and Borrower dated as of [even date herewith] (the “DDA”) to develop the vacant lots of Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento. If the project contemplated by the DDA does not proceed, then Section 3.2 of the Loan Agreement shall apply.
PAYMENT SCHEDULE. Repayment of this Note shall be made as follows:	
“Maturity Date”	The maturity date for the Loan shall be the date which is the earlier to occur of: (i) July 31, 2023; or (ii) the close of a construction and permanent loan from Lender to Borrower for the Villa Jardin/Coral Gables affordable housing project (“Construction Loan”). Upon Borrower’s satisfaction of all conditions precedent to the funding of that Construction Loan for the Property, all funds advanced by Lender pursuant to this Loan Agreement and the Note not yet repaid to Lender shall become part of the outstanding principal amount of such Construction Loan and secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan, the Note will be cancelled.
“Payment Start Date”	The payment shall be in lump sum on the Maturity Date.
“Payment Amount(s)”	The unpaid balance of the Loan, including without limitation principal and interest, shall be all due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges.

FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or so much of the Principal Amount as may be disbursed from time to time pursuant to the Loan Agreement. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12th Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. Lender and Borrower shall comply with and fulfill the Special Terms.

4. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods as set forth in the Loan Agreement, if any:

a. Borrower defaults in the payment of any principal or interest when due.

b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.

c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.

d. Borrower defaults or breaches any of the terms of Loan Agreement, or this Note, and such failure continues for thirty (30) days after Borrower's receipt of written notice from the Lender to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have thirty (30) days to cure the default, or any longer period of time deemed necessary by the Lender, provided that Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion.

e. If and after Borrower acquires the Property, Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property.

f. If and after Borrower acquires the Property, the sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. The occurrence of any of the following:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

5. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

6. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.
7. During the existence of default or delinquency under the terms of this Note, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.
8. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.
9. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, including reasonable attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.

Borrower:

VILLA JARDIN/CORAL GABLES, L.P.

By: JSCo Villa Jardin/Coral Gables, LLC,
a California limited liability company,
Administrative General Partner

By: John Stewart Company,
a California corporation,
its sole member and manager

By: _____
Jack D. Gardner, President & CEO

By: PacH Lancaster Holdings, LLC,
a California limited liability company, Managing
General Partner

By: Pacific Housing, Inc.,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Mark Wiese, President



Date: July 28, 2020

Villa Jardin/Coral Gables, L.P.
c/o Jack D. Gardner, President & CEO
John Stewart Company
1388 Sutter Street, 11th Floor
San Francisco, CA 94109

RE: Conditional Funding Commitment for Villa Jardin and Coral Gables

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of \$2,800,000.00 in construction and permanent loan funds (Loan) comprised of \$1,400,000.00 in City Housing Trust Funds (HTF) and \$1,500,000.00 in California State Department Housing and Community Development (HCD) Local Housing Trust Fund (LHTF) Program, for the purpose of financing the new construction and development of that certain real property known as Villa Jardin located at 2621 Meadowview Road, and Coral Gables located at 49, 63 and 81 Coral Gables Court, Sacramento, California 95832 (Property). In the event HCD LHTF is not awarded to the Agency for the Project, the Agency will replace the HCD LHTF with \$1,400,000.00 in City Mixed Income Housing Funds. **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this funding commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire **January 31, 2022** or extended upon mutual agreement.



1. PROJECT DESCRIPTION: The Project shall be a new construction development with residential buildings and an approximate 3,000 sq. ft. community center on approximately 0.87 acres located in the Meadowview neighborhood of Sacramento. The Project will consist of 38 units with a mix of 18 one-bedroom units with one bathroom, and 20 two-bedroom units with one bathroom. Inclusive of this unit mix, one unit will be for management staff, with 29 units at 25% AMI and 9 units at 50% AMI; provided, however, that the makeup of the Project is subject to change based on Project approvals and Final Plans; any material changes to the Project description in this paragraph 1 will be subject to the Agency's approval. The common areas and amenities will include a new community center building and playground, both to be shared with residents at the Project.
2. BORROWER: The name of the Borrower for the Loan is Villa Jardin/Coral Gables, LP a California limited liability company (an affiliate of John Stewart Company, or related entity).
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of new construction development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) \$2,800,000.00, or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. TERM OF LOAN: The Loan shall mature 57 years (i.e., 684 months) from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. INTEREST RATE: Three percent simple interest rate (3.00%).
7. ANNUAL REPAYMENT: Annual payments will be made on a Residual Receipts basis until the maturity date. Annual payments shall be applied to outstanding principal.

"Residual Receipts" is defined as follows: Based on the annual audited financial statement from the preceding year, payments will be made upon a "Residual Cash Flow" basis meaning Net Operating Income (NOI) less: (a) debt service on the monitoring fees of the State of California Housing Community Development (HCD) Multifamily Housing Program (MHP) loan and the Sacramento Housing and Redevelopment Agency loan; (b) partnership management fee up to \$20,000 annually as of the Loan's Effective Date indexing at 3% annually; (c) asset management fees up to \$5,000 annually as of the Loan's Effective Date indexing at 3% annually; (d) Deferred Developer Fee indexing at 3% annually; (e) after Sections (a) through (d) of this paragraph are paid, fifty percent (50%) of the available cash flow from NOI to Borrower; and (f) after Sections (a) through (e) of this paragraph are paid, the proportional share of HCD's public assistance

of the available cash flow from NOI towards the MHP loan repayment to HCD, HOME loan repayment to Agency, City HTF/HCD Local HTF/MIHF loan repayment to Agency and Seller Carryback loan repayment to the Housing Authority of the City of Sacramento.

The Net Operating Income is defined as periodic "Revenue" less "Operating Expenses." "Revenue" means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

"Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.

8. SOURCE OF LOAN FUNDS:

Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$1,400,000.00 in City Housing Trust Funds (HTF) and \$1,400,000.00 in California State Department Housing and Community Development Local Housing Trust Fund Program. In the event HCD LHTF is not awarded to the Agency for the Project, the Agency will replace the HCD LHTF with \$1,400,000.00 in City Mixed Income Housing Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$11,000,000 in Low Income Housing Tax Credit Equity. If LIHTC equity goes below \$11,000,000, the equity must be offset by an additional funding source, deferred developer fee, general partnership contribution and/or non-Agency gap financing source.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.